OFFER TO PURCHASE BONDS
(this "*Offer*")
made by
RWJ BARNABAS HEALTH, INC.
(the "*Corporation*")

All terms used below with initial capitalization where not required by the rules of grammar and not otherwise defined have the meanings given to them in this Offer.

The Corporation invites Bondholders to tender to the Corporation for cash selected maturities of:

RWJ BARNABAS HEALTH TAXABLE REVENUE BONDS, SERIES 2016

RWJ BARNABAS HEALTH TAXABLE REVENUE BONDS, SERIES 2019

held by Bondholders with the following CUSIP numbers (the "*Target Bonds*") in an aggregate principal amount up to $330 million (the "*Aggregate Maximum Amount*"):

CUSIP Base: 78349A	Interest Rate	Maturity Date	Outstanding Par Amount	Acceptance Priority Level	Benchmark Treasury Security	Fixed Spread (Basis Points)
AB9	3.949%	7/1/2046	$394,952,000	2	UST 4.75% due 11/15/2053 CUSIP: 912810TV0	43
AC7	3.477%	7/1/2049	$302,333,000	1	UST 4.75% due 11/15/2053 CUSIP: 912810TV0	45

Key Dates and Times

All of these dates and times are subject to change and to all conditions described in this Offer and related tender materials. All times are New York City time. Notices of changes will be sent in the manner provided for in this Offer.

Launch Date	April 8, 2024
Expiration Time (unless extended as described herein)	5:00 p.m., May 6, 2024
Withdrawal Deadline	5:00 p.m., May 6, 2024
Preliminary Notice of Results	At or around 9:00 a.m., May 7, 2024
Determination of Target Bonds Purchase Price	1:00 p.m., May 7, 2024
Notice of Target Bonds Purchase Price and Acceptance of Target Bonds	At or around 4:00 p.m., May 7, 2024
Settlement Date (unless extended as described herein)	May 8, 2024

To make an informed decision as to whether, and how, to tender Target Bonds, beneficial owners of Target Bonds ("*Bondholders*") must read this Offer carefully and should consult their brokers, account executives, financial advisors and/or other professionals.

The Dealer Manager for this Offer is:

Jefferies

The date of this Offer is April 8, 2024.

IMPORTANT INFORMATION

*This Offer and other information with respect thereto are and will be available from Jefferies LLC (the "**Dealer Manager**") and Globic Advisors (the "**Information and Tender Agent**") at https://globic.com/rwjbarnabas. Bondholders wishing to tender their Target Bonds for purchase pursuant to this Offer should follow the procedures described in this Offer. The Corporation reserves the right to cancel or modify this Offer at any time at or prior to the Expiration Time (as defined herein) and reserves the right to issue a future tender offer for the Target Bonds on terms different than those described herein in its sole discretion. The Corporation will have no obligation to accept tendered Target Bonds for purchase or to purchase Target Bonds tendered and accepted for purchase if this Offer is cancelled or the Corporation fails to accept tendered Target Bonds to the extent any conditions set forth herein are not satisfied. The Corporation further reserves the right to accept nonconforming tenders or waive irregularities in any tender. The Corporation also reserves the right in the future to defease or redeem any Untendered Bonds (as defined herein). The consummation of this Offer is subject to certain other conditions, including, without limitation to the conditions that are anticipated to occur after the Expiration Time but prior to the Settlement Date (as defined herein).*

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Offer is not being extended to, and Target Bonds tendered in response to this Offer will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Offer or such tender or acceptance would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, "blue sky" or other laws require this Offer to be made through a licensed or registered broker or dealer, this Offer shall be deemed to be made on behalf of the Corporation through the Dealer Manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Offer.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offer, and, if given or made, such information or representation may not be relied upon as having been authorized by the Corporation.

The delivery of this Offer shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachment hereto or materials delivered herewith or in the affairs of the Corporation since the date hereof. The information contained in this Offer is as of the date of this Offer only and is subject to change, completion, and amendment without notice.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained or incorporated by reference herein. The Dealer Manager has not independently verified any of the information contained herein, and assumes no responsibility for the accuracy or completeness of any such information.

The Corporation, the Dealer Manager and the Information and Tender Agent are not responsible for (i) making or transmitting any tender of Target Bonds nor (ii) the DTC process and Bondholders interactions with DTC and the DTC participants.

Certain statements contained in or incorporated by reference into this Offer are "forward-looking statements." Forward-looking statements are based on the Corporation's current expectations, estimates, beliefs, assumptions and projections of future performance, taking into account the information currently available to the Corporation. These statements may be identified by the use of words like "expects," "intends," "plans," "aims," "projects," "believes," "anticipates," "estimates," "will," "should," "could" and other expressions that indicate future events and trends. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such statements. Inevitably, some assumptions used in connection with the forward-looking statements will not be realized and unanticipated events and circumstances will occur. Therefore, there are likely to be differences between such statements and actual results, and those differences may be material.

Forward-looking statements speak only as of the date of the document in which they are made or as otherwise specified therein. The Corporation disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in the Corporation's expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.

This Offer contains important information which should be read before any decision is made with respect to this Offer.

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OFFER TO PURCHASE BONDS
made by
RWJ BARNABAS HEALTH, INC.

to the Bondholders described herein of:

RWJ BARNABAS HEALTH TAXABLE REVENUE BONDS, SERIES 2016	RWJ BARNABAS HEALTH TAXABLE REVENUE BONDS, SERIES 2019

INTRODUCTION

General

This Offer to Purchase Bonds, dated April 8, 2024 (as it may be amended or supplemented as provided herein, including the cover page hereto, this "***Offer***"), is issued by RWJ Barnabas Health, Inc., a New Jersey nonprofit corporation (the "***Corporation***"), with the assistance of Jefferies LLC ("***Jefferies***"), as dealer manager (the "***Dealer Manager***"), to the beneficial owners (the "***Bondholders***") of the above-captioned bonds of the Corporation with the maturities and CUSIP numbers identified on the cover page of this Offer (collectively, the "***Target Bonds***"), and invites Bondholders to tender Target Bonds for purchase by the Corporation at the purchase prices (the "***Offer Purchase Prices***") determined as described herein under "INTRODUCTION – Consideration for Tender Offer" based on the Fixed Spreads (as defined herein) identified on the cover page of this Offer. The Target Bonds styled as the "RWJ Barnabas Health Taxable Revenue Bonds, Series 2016" (the "***Series 2016 Target Bonds***") were issued by the Corporation pursuant to a Trust Agreement, dated as of November 1, 2016 (the "***2016 Trust Agreement***"), between the Corporation and U.S. Bank National Association, as trustee. The Target Bonds styled as the "RWJ Barnabas Health Taxable Revenue Bonds, Series 2019" (the "***Series 2019 Target Bonds***") were issued by the Corporation pursuant to a Trust Agreement, dated as of October 1, 2019 (the "***2019 Trust Agreement***," and together with the 2016 Trust Agreement, the "***Trust Agreements***" and each a "***Trust Agreement***"), between the Corporation and U.S. Bank National Association, as trustee.

Each Bondholder of the Target Bonds is invited by the Corporation to tender all or part of its beneficial ownership interests in the Target Bonds to the Corporation up to $330 million in aggregate principal amount of the Target Bonds (the "***Aggregate Maximum Amount***") in Minimum Authorized Denominations (as defined herein) for purchase by the Corporation in cash as set forth herein (such offer to tender and purchase, the "***Tender Offer***"). The Corporation may decide to purchase less than all (or none) of the Target Bonds tendered to the Corporation. See "TERMS OF THE OFFER – Conditions to Purchase" herein. Target Bonds must be tendered by the Expiration Time specified on the cover page or such later date or time to which it may be extended as herein provided (the "***Expiration Time***"). No tenders of Bonds will be valid if submitted after the Expiration Time. Target Bonds which the Corporation purchases pursuant to this Offer will be cancelled. Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Corporation, the Dealer Manager or the Information and Tender Agent in connection with this Offer. Bondholders should consult with their brokers, account executives, banks, financial institutions or financial advisors to determine whether they will charge any commissions or fees.

The consideration (the "***Purchase Price***" or "***Purchase Prices***")for Target Bonds which the Corporation purchases, if any, will be paid on the Settlement Date specified on the cover page or such later date to which settlement may be deferred as herein provided (the "***Settlement Date***"). (See "TERMS OF THE OFFER – Settlement Date; Purchase of Target Bonds" herein). The Offer Purchase Prices for the Target Bonds will be based on a fixed spread added to the yield on a benchmark United States Treasury Security consistently applied to each specific CUSIP (each a "***Benchmark Treasury Security***"), plus accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date ("***Accrued Interest***").

The aggregate principal amount of a series of Target Bonds that the Corporation will purchase in the Tender Offer on the Settlement Date will be determined in accordance with the acceptance priority level for such series (in numerical priority order) as set forth in the table on the front cover of this Offer (the "***Acceptance Priority Level***"), with 1 being the highest Acceptance Priority Level.

Target Bonds which the Corporation does not purchase pursuant to this Offer will be returned to the Bondholders that tendered such Target Bonds and will remain outstanding. The Bondholders whose Target Bonds are not purchased pursuant to this Offer will continue to bear the risk of ownership of such Target Bonds. The purchase of a significant portion of Target Bonds of a particular CUSIP pursuant to this Offer may have an adverse effect on the liquidity for the remaining Target Bonds of such CUSIP. See "ADDITIONAL CONSIDERATIONS" herein.

The Corporation is soliciting tenders of Target Bonds for purchase and intends to use its cash on hand in order to purchase and cancel the Target Bonds and reduce associated debt service requirements. The Corporation intends, but is not obligated to, accept tendered Target Bonds for purchase up to the Aggregate Maximum Amount on the Settlement Date. The Corporation expressly reserves the right, but is not obligated, to increase the Aggregate Maximum Amount in its sole discretion without extending the Withdrawal Deadline or otherwise reinstating withdrawal rights.

BONDHOLDERS WHO DO NOT TENDER THEIR TARGET BONDS, AS WELL AS BONDHOLDERS WHO TENDER TARGET BONDS FOR PURCHASE THAT THE CORPORATION DOES NOT ACCEPT FOR PURCHASE, WILL CONTINUE TO HOLD SUCH TARGET BONDS (COLLECTIVELY, THE "*UNTENDERED BONDS*") AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING. HOWEVER, THE CORPORATION RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE, REDEEM OR PURCHASE SOME OR ALL OF THE UNTENDERED BONDS AT A LATER DATE.

The Corporation reserves the right, subject to applicable law, to amend or waive any conditions to this Offer and its obligations with respect to Target Bonds accepted for purchase, in whole or in part, at any time prior to the Expiration Time as provided herein, in its sole discretion. This Offer may be withdrawn by the Corporation at any time prior to the Expiration Time to the extent any conditions set forth herein would not be met.

If the Corporation makes a material change in the terms of the Offer or waives a material condition of the Offer, the Corporation will disseminate additional materials related to the Offer and, if required by law, extend the Expiration Time.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER TARGET BONDS FOR SALE IN RESPONSE TO THIS OFFER, BONDHOLDERS SHOULD READ THIS OFFER CAREFULLY.

Neither the Corporation nor the Dealer Manager nor the Information and Tender Agent makes any recommendation that any Bondholder tender, or refrain from tendering, all or any portion of such Bondholder's Target Bonds for purchase. Bondholders must make these decisions and should read this Offer and consult with their brokers, account executives, financial advisors and/or other professionals in doing so.

Purpose

The Tender Offer is being made to purchase and cancel Target Bonds tendered by Bondholders and accepted for purchase by the Corporation pursuant to this Offer so as to reduce associated debt service. Further, as described herein, the Corporation's purchase of Target Bonds pursuant to this Offer is contingent upon certain conditions being met. See "TERMS OF THE OFFER – Conditions to Purchase."

Consideration for Tender Offer

The applicable fixed spread identified on the cover page of this Offer (the "***Fixed Spread***") for each CUSIP of the Target Bonds represents the yield, expressed in basis points, above the yield on the related Benchmark Treasury Security set forth on the cover page of this Offer at which the Corporation will purchase the Target Bonds. The applicable Fixed Spread for each CUSIP will be added to the yield on the related Benchmark Treasury Security identified on the cover of this Offer.

The yield on the related Benchmark Treasury Security (the "***Treasury Security Yield***") will be determined at 1:00 p.m. on May 7, 2024, based on the bid-side price of the applicable U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trading FIT1 series of pages and calculated in accordance with standard market practice. The Fixed Spread for each maturity will be added to the related Treasury Security Yield to arrive at a yield (the "***Purchase Yield***"). Each Treasury Security Yield and each Purchase Yield will be contained in the Notice of Target Bonds Purchase Price described below.

The Purchase Yields will be used to calculate the Offer Purchase Prices expressed as a dollar amount per $100 in principal amount of the Target Bonds. The Offer Purchase Prices for the Target Bonds, truncated to three (3) decimals, will be calculated on May 7, 2024 (the "***Determination of Purchase Price Date***") using the market standard bond pricing formula as of the Settlement Date using the relevant Purchase Yield, the coupon of the relevant Target Bond and the maturity date of each Target Bond. The Corporation will publish a Notice of Target Bonds Purchase Price that contains this information at or around 4:00 p.m. on May 7, 2024. In addition to the Purchase Prices of the Target Bonds accepted for purchase by the Corporation (the "***Purchased Bonds***"), Accrued Interest on such Target Bonds will be paid by, or on behalf of, the Corporation to the Bondholders of Purchased Bonds, all as of the Settlement Date.

The Notice of Target Bonds Purchase Price will be made available by posting electronically on the website of the Information and Tender Agent at *https://globic.com/rwjbarnabas*.

Because the consideration applicable to the Tender Offer is based on a fixed spread pricing formula linked to the yield on the related Benchmark Treasury Security, the actual consideration that may be received by a tendering Bondholder pursuant to the Offer will be affected by changes in such yield during the term of the Tender Offer prior to the Determination of Purchase Price Date. After the Determination of Purchase Price Date, when the consideration applicable to the Tender Offer is no longer linked to the yield on the applicable Benchmark Treasury Security, the actual amount that may be received by a tendering Bondholder will be known.

Binding Contract to Sell

If a Bondholder's tender for purchase of Target Bonds is accepted by the Corporation by the time specified under "TERMS OF THE OFFER – Acceptance of Tenders; Notice of Results" below, the Bondholder will be obligated to sell, and the Corporation will be obligated to purchase, such Target Bonds on the Settlement Date at the Offer Purchase Price for such Target Bonds plus Accrued Interest to the Settlement Date, subject to the conditions described herein. See "TERMS OF THE OFFER – Conditions to Purchase" herein.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Corporation, the Dealer Manager, or the Information and Tender Agent in connection with this Offer, their tender of Target Bonds for purchase, or consummation of the Corporation's purchase of Purchased Bonds. However, Bondholders should check with their brokers, banks, account executives or other financial institutions which maintain the accounts in which their Target Bonds are held ("***Financial Representatives***") to determine whether they will charge any commissions or fees as described under "TERMS OF THE OFFER – Provisions Applicable to All Tenders of Target Bonds" herein.

Dealer Manager and Information and Tender Agent

Jefferies is the Dealer Manager for this Offer. Investors with questions about this Offer should contact the Dealer Manager or Globic Advisors, which serves as the Information and Tender Agent, at the addresses and telephone numbers set forth on the last page of this Offer. See "DEALER MANAGER" and "INFORMATION AND TENDER AGENT" herein.

TERMS OF THE OFFER

Expiration Time

The Tender Offer will expire at the Expiration Time, unless this Offer is earlier terminated or extended as provided herein.

Target Bonds tendered after the Expiration Time will not be considered.

See "– Extension, Termination and Amendment of Offer; Changes to Terms" below for a discussion of the Corporation's right to defer the Expiration Time and to terminate or amend this Offer.

Tenders Only Through the ATOP Account

The Target Bonds are all held in book-entry-only form through the facilities of The Depository Trust Company, New York, New York ("***DTC***") through banks, brokers and other institutions that are participants in DTC.

The Corporation, through the Information and Tender Agent, will establish an Automated Tender Offer Program Account (an "***ATOP Account***") at DTC for the Target Bonds to which this Offer relates promptly after the date of this Offer. Bondholders who wish to tender Target Bonds pursuant to this Offer may do so through the ATOP Account.

ALL TENDERS OF TARGET BONDS MUST BE THROUGH THE ATOP ACCOUNT. THE CORPORATION WILL NOT ACCEPT ANY TENDER OF TARGET BONDS THAT IS NOT SUBMITTED THROUGH THE ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS OFFER.

Any financial institution that is a participant in DTC may make book-entry tender of Target Bonds by submitting an Agent's Message (as described below) to DTC and causing DTC to transfer such Target Bonds into the ATOP Account in accordance with DTC's procedures for such instructions and transfers. The confirmation of a book-entry transfer to the ATOP Account as described above is referred to herein as a "***Book-Entry Confirmation***." The term "***Agent's Message***" means a message transmitted by DTC to, and received by, the Information and Tender Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Target Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Target Bonds that have been tendered by such participant pursuant to the Tender Offer, and to the effect that such participant agrees to be bound by the terms of this Offer. By causing DTC to transfer Target Bonds into the ATOP Account, a financial institution warrants to the Corporation that it has full authority, and has received from the Bondholder(s) of such Target Bonds all direction necessary, to tender, transfer and sell such Target Bonds as set forth in this Offer.

Bondholders who are not DTC participants can tender Target Bonds in response to this Offer only by making arrangements with and instructing their Financial Representative to do so (or to cause their DTC participant to do so) through the ATOP Account. To ensure that Target Bonds are tendered to the ATOP Account by the Expiration Time, Bondholders must provide instructions to their Financial Representatives in sufficient time for the Financial Representatives to do so (or cause their DTC participants to do so) by the Expiration Time. Bondholders should contact their Financial Representatives for information as to when they need instructions in order to tender Target Bonds to the ATOP Account by the Expiration Time.

Neither the Corporation, the Dealer Manager nor the Information and Tender Agent is responsible for (i) the submission of Target Bonds for tender or the transfer of tendered Target Bonds to the ATOP Account or for any mistakes, errors or omissions in submissions and transfers of any Target Bonds or (ii) the DTC process and Bondholders interactions with DTC and the DTC participants.

Information to Bondholders

The Corporation may give information about this Offer to the market and Bondholders by delivering the information to Bloomberg Financial Market Systems and DAC Bond. These institutions, together with the Information and Tender Agent, are collectively referred to herein as the "***Information Services***." The Information and Tender Agent will deliver information provided to it by the Corporation through its website, *https://globic.com/rwjbarnabas*. Any delivery of information by the Corporation to the Information Services will be deemed to constitute delivery of the information to each Bondholder.

Neither the Corporation, the Dealer Manager nor the Information and Tender Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the Corporation to the Information Services may receive such information from the Dealer Manager or the Information and Tender Agent by contacting them using the contact information on the last page of this Offer or by making appropriate arrangements with their account executives or directly with the Information Services.

Any updates to this Offer will be distributed through the Information Services.

Minimum Authorized Denominations

A Bondholder may submit one or more tenders of its Target Bonds of one or more maturities in an amount of its choosing, but only in a principal amount as to each CUSIP equal to an authorized denomination of such Target Bonds ($1,000 or any integral multiple thereof) ("***Minimum Authorized Denominations***").

Provisions Applicable to All Tenders of Target Bonds

Need for Advice. Bondholders should ask their Financial Representatives or financial advisors for help in determining (i) whether to tender Target Bonds of a particular CUSIP and (ii) the principal amount of such Target Bonds to be tendered. Bondholders also should inquire as to whether their Financial Representatives or financial advisors will charge a fee for submitting tenders if the Corporation purchases tendered Target Bonds. Neither the Corporation, the Dealer Manager nor the Information and Tender Agent will charge any Bondholder for tendering Target Bonds for purchase.

Need for Specificity. A tender of Target Bonds of any CUSIP may not exceed the principal amount of Target Bonds of such CUSIP owned by the tendering Bondholder, and each tender must include the following information: (i) the CUSIP number(s) of the Bond(s) being tendered and (ii) the principal amount of Target Bonds with each CUSIP number being tendered. The principal amount of Target Bonds of each CUSIP must be specified in integral multiples of $1,000 and, if not so specified, will be reduced to the nearest integral multiple of $1,000.

"All or none" tenders are not permitted. No alternative, conditional or contingent tenders will be accepted.

General. Bondholders may tender only Target Bonds that they own or control. By tendering Target Bonds in response to this Offer, Bondholders will be deemed to have represented and agreed with the Corporation as set forth below under "– Representations by Tendering Bondholders." All tenders shall survive the death or incapacity of the tendering Bondholder.

Determinations as to Form and Validity; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the ATOP Account), form, eligibility and acceptance of Target Bonds tendered for purchase pursuant to the Tender Offer will be determined by the Corporation in its sole discretion, and such determination will be final, conclusive and binding.

The Corporation reserves the right to waive any irregularities or defects in any tender or to reject any nonconforming tender. Neither the Corporation, the Dealer Manager nor the Information and Tender Agent is obligated to give notice of any defect or irregularity in tenders of Target Bonds, and they will have no liability for failing to give such notice.

The Corporation reserves the absolute right to reject any and all offers, whether or not they comply with the terms of this Offer.

Withdrawals of Tenders Prior to Withdrawal Deadline

Tenders of Target Bonds may be withdrawn by causing a withdrawal message to be received at the ATOP Account prior to 5:00 p.m., New York City time, on May 6, 2024 (the "***Withdrawal Deadline***") (as such Withdrawal Deadline may change pursuant to this Offer).

Bondholders who are not DTC participants can only withdraw their tendered Target Bonds by making arrangements with and instructing the custodial intermediary through which they hold their Target Bonds to submit the Bondholder's notice of withdrawal through the ATOP Account.

ALL TENDERS OF TARGET BONDS WILL BECOME IRREVOCABLE AS OF THE WITHDRAWAL DEADLINE (AS THE DATE MAY HAVE BEEN CHANGED FROM TIME TO TIME AS PROVIDED IN THIS OFFER).

A notice of withdrawal must be submitted in substantially the same manner as an initial tender of Target Bonds.

Bondholders who have tendered their Target Bonds for purchase will not receive any information from the Corporation, the Dealer Manager or the Information and Tender Agent concerning tenders by other Bondholders. A withdrawn tender must specify the applicable CUSIP number. Tendering Bondholders will not be afforded an opportunity to withdraw their tenders after the Withdrawal Deadline. All questions as to the validity (including the time of receipt) of a withdrawal will be determined by the Corporation in its sole discretion and will be final, conclusive and binding.

Determination of Amounts to be Purchased; Acceptance Priority Levels; Purchase Prices

The Corporation intends to purchase validly tendered Target Bonds in an aggregate principal amount not to exceed the Aggregate Maximum Amount, subject to the conditions to purchase set forth herein. See "Conditions to Purchase" below. The Corporation expressly reserves the right, but is not obligated, to increase the Aggregate Maximum Amount in its sole discretion without extending the Withdrawal Deadline or otherwise reinstating withdrawal rights. The Corporation will accept for purchase Target Bonds that are validly tendered and not validly withdrawn in accordance with their respective Acceptance Priority Level (in numerical priority order) up to the Aggregate Maximum Amount. After the Expiration Time, the Corporation will determine the aggregate amount of tendered Target Bonds to purchase for each CUSIP, if any, based on the factors disclosed above and under "Conditions to Purchase" below.

Subject to the Aggregate Maximum Amount, the aggregate principal amount of each series of Target Bonds that the Corporation will purchase on the Settlement Date will be determined in accordance with the Acceptance Priority Level, with 1 being the highest Acceptance Priority Level. If any Target Bonds are accepted for purchase in the Tender Offer and the Tender Offer is fully subscribed up to the Aggregate Maximum Amount, Target Bonds will be accepted for purchase in the following order:

- *first*, the Corporation will accept for purchase on the Settlement Date the maximum aggregate principal amount of the Series 2019 Target Bonds validly tendered and not validly withdrawn at or before the Expiration Time; and

- *second*, the Corporation will accept for purchase on the Settlement Date the maximum aggregate principal amount of the Series 2016 Target Bonds validly tendered and not validly withdrawn at or before the Expiration Time, on a prorated basis, if necessary, such that Corporation will purchase the maximum aggregate principal amount of Series 2019 Target Bonds such that the aggregate principal amount of Target Bonds purchased does not exceed the Aggregate Maximum Amount.

Series 2016 Target Bonds accepted for purchase in accordance with the terms and conditions of the Tender Offer may be subject to proration, so that the Corporation will accept for purchase Series 2016 Target Bonds in an aggregate principal amount that does not exceed the Aggregate Maximum Amount. In such case, the principal amount of each individual offer for Series 2016 Target Bonds will be adjusted, pro rata, based upon a proration factor (the "***Proration Factor***"). In such event, should the principal amount of any individual offer, when adjusted by the Proration Factor, result in an amount that is not a multiple of $1,000, the principal amount of such offer will be rounded up to the nearest multiple of $1,000. If as a result of such adjustment, the principal amount of a Bondholder's unaccepted Series 2016 Target Bonds is less than the Minimum Authorized Denomination of $1,000, the Corporation will reject such Bondholder's offer in whole. The Corporation will determine the Proration Factor that permits it to accept as nearly as possible the Aggregate Maximum Amount of Target Bonds. If proration of tendered Target Bonds is required, the Corporation will determine the final proration as soon as practicable after the Expiration Time, and such determination will be final and binding absent manifest error. Holders may obtain such proration information from the Information and Tender Agent.

Any Target Bonds not accepted for purchase as a result of the procedures described herein will be returned to tendering Bondholders promptly in accordance with DTC's procedures.

The Offer Purchase Prices for the Target Bonds will be determined in the manner set forth under the caption "INTRODUCTION – Consideration for Tender Offer" above.

The Corporation will publish a Notice of Target Bonds Purchase Price at or around 4:00 p.m. on May 7, 2024. In addition to the Purchase Prices of the Purchased Bonds, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the Corporation to such tendering Bondholders on the Settlement Date.

Acceptance of Tenders; Notice of Results

Notice of Acceptance of Target Bonds Tendered for Purchase will be provided by the Corporation at or around 4:00 p.m. on May 7, 2024.

If the Corporation accepts any validly tendered Target Bonds of any CUSIP, the accepted tender will constitute an agreement by the tendering Bondholder to sell and the Corporation to purchase such Target Bonds, subject to satisfaction or waiver of all conditions to the Corporation's obligation to purchase tendered Target Bonds. See "– Conditions to Purchase" below.

Any Target Bonds not accepted for purchase as a result of the procedures described herein will be returned to tendering Bondholders promptly in accordance with DTC's procedures. The Corporation, the Dealer Manager, and the Information and Tender Agent are not responsible or liable for the operation of the ATOP Account by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or Financial Representative or by such DTC participant or Financial Representative for the account of the Bondholder.

Notwithstanding any other provision of this Offer or the tenders of Target Bonds, the Corporation's obligation to purchase and pay for Purchased Bonds in response to this Offer is subject to the satisfaction or waiver by the Corporation of the conditions set forth in "– Conditions to Purchase" below. The Corporation reserves the right, subject to applicable law, to amend or waive any of the conditions to this Offer and contracts formed by the acceptance of tendered Target Bonds, in whole or in part, at any time prior to the Expiration Time or from time to time thereafter, in its sole discretion. This Offer may be withdrawn by the Corporation at any time prior to the Expiration Time to the extent any conditions set forth herein would not be met.

Settlement Date; Purchase of Target Bonds

On the Settlement Date, the Corporation will purchase and pay for all Purchased Bonds, at the applicable Offer Purchase Price plus Accrued Interest thereon to the Settlement Date, subject to satisfaction or waiver by the Corporation of all conditions to the Corporation's obligation to purchase, and the tendering Bondholders will sell such Target Bonds to the Corporation for such consideration. The Settlement Date is the date specified on the cover page, unless deferred by the Corporation.

The Corporation may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See "– Conditions to Purchase" and "– Extension, Termination and Amendment of Offer; Changes to Terms" below.

If the conditions to the Corporation's obligation to purchase Target Bonds validly tendered are satisfied or waived, the Corporation will pay the Purchase Price plus Accrued Interest for all such Purchased Bonds in immediately available funds on the Settlement Date by deposit of such amount with DTC. The Corporation expects that, in accordance with DTC's standard procedures, DTC will transmit the Purchase Price with Accrued Interest in immediately available funds to its participant financial institutions that hold such Target Bonds for delivery to the Bondholders. **Neither the Corporation, the Dealer Manager nor the Information and Tender Agent has any responsibility or liability for the distribution of such Purchase Prices and Accrued Interest by DTC or its participant financial institutions to Bondholders.**

Representations by Tendering Bondholders

By tendering Target Bonds for sale to the Corporation in response to this Offer, each tendering Bondholder will be deemed to have represented to and agreed with the Corporation that:

(a) the Bondholder has received and has had an opportunity to review this Offer prior to making its decision to tender Target Bonds, and agrees if any of its tendered Target Bonds are accepted for purchase by the Corporation, it will be obligated to sell such Target Bonds on the terms and conditions set forth in this Offer;

(b) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Target Bonds; and that if any of if its tendered Target Bonds are accepted for purchase by the Corporation, on the Settlement Date, the Corporation will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the Purchase Price for such Target Bonds plus Accrued Interest thereon to the Settlement Date;

(c) the Bondholder has made its own independent decision to tender its Target Bonds for purchase by the Corporation in response to this Offer and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the Corporation, the Dealer Manager, or the Information and Tender Agent as investment advice or as a recommendation to tender Target Bonds for sale to the Corporation, it being understood that the information from the Corporation, the Dealer Manager, and the Information and Tender Agent related to the terms and conditions of this Offer is not considered investment advice or a recommendation to tender Target Bonds; and

(e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Offer.

Conditions to Purchase

Payment for tendered Target Bonds is subject to the Corporation obtaining satisfactory and sufficient economic benefit as a result of the consummation of the Tender Offer, which condition will be deemed met (i) with respect to the Series 2016 Target Bonds, if the Offer Purchase Price for tendered Series 2016 Target Bonds as determined on the Determination of Purchase Price Date is less than or equal to \$93.00 per \$100 principal amount and (ii) with respect to the Series 2019 Target Bonds, if the Offer Purchase Price for tendered Series 2019 Target Bonds as determined on the Determination of Purchase Price Date is less than or equal to \$85.00 per \$100 principal amount (the "***Economic Condition***"). The purchase of any series of Target Bonds is not conditioned upon the purchase of any other series of Target Bonds; however, any Target Bonds will be purchased by the Corporation subject to the Aggregate Maximum Amount and in accordance with the Acceptance Priority Levels set forth on the table on the cover page of this Offer.

In addition to the Economic Condition, if, after the Expiration Time but prior to payment for Target Bonds on the Settlement Date, any of the following events should occur, the Corporation will have the absolute right to cancel its obligation to purchase Target Bonds tendered and accepted for purchase by the Corporation without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the Corporation reasonably believes may, directly or indirectly, have an adverse impact on the Corporation or the expected benefits to the Corporation or Bondholders of purchase of Target Bonds;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the Corporation reasonably believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;
- A material change in the business or affairs of the Corporation has occurred which the Corporation reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds;
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the Corporation reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds; or
- There shall have occurred a material disruption in securities settlement, payment or clearance services.

The conditions described under this subheading are for the sole benefit of the Corporation and may be asserted by the Corporation, prior to the time of payment for the Target Bonds it has agreed to purchase, regardless of the circumstances giving rise to any condition, or may be waived by the Corporation in whole or in part at any time and from time to time in its discretion, and may be exercised independently for Target Bonds of each CUSIP. Failure by the Corporation to assert or waive any such condition at any time will not be deemed a waiver of its right to do so, and a waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver of such rights with respect to other facts and circumstances. Each of these rights will be deemed an ongoing right of the Corporation which may be asserted or waived at any time and from time to time prior to payment for the Target Bonds it has agreed to purchase. Any determination by the Corporation concerning the events described under this subheading will be final and binding upon all parties.

Extension, Termination and Amendment of Offer; Changes to Terms

The Corporation may defer the Expiration Time, as to any or all of the Target Bonds, to any date in its sole discretion, provided that a notice of the deferral is given to the Information Services at any time prior to 12:00 p.m., New York City time, on the first business day after the Expiration Time.

The Corporation also has the right, prior to acceptance of tendered Target Bonds for purchase as described above in "– Acceptance of Tenders; Notice of Results," to terminate this Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The Corporation also has the right, prior to acceptance of tendered Target Bonds for purchase as described above in "– Acceptance of Tenders; Notice of Results" to amend or waive the terms of this Offer in any respect and at any time by giving notice to the Information Services. The amendment or waiver will be effective at the time specified in such notice.

If the Corporation defers the Expiration Time, or amends the terms of this Offer (including by waiving any term) in any material respect, the Corporation may (but is not required to) disseminate additional Offer material and defer the Expiration Time to the extent required to allow reasonable time for dissemination to Bondholders and for Bondholders to respond. If the Settlement Date is extended after the Expiration Time, the Corporation will provide notice and a reasonable time for Bondholders to affirmatively withdraw their tendered Target Bonds.

No extension, termination or amendment (or waiver of any terms) of this Offer will change the Corporation's right to decline to purchase Target Bonds without liability on the conditions stated herein. See "– Conditions to Purchase" above.

If the Corporation makes a material change in the terms of the Offer or waives a material condition of the Offer, the Corporation will disseminate additional materials related to the Offer and, if required by law, extend the Expiration Time.

Neither the Corporation nor the Dealer Manager nor the Information and Tender Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Information relating to the Target Bonds and the Corporation may be obtained by contacting the Information and Tender Agent at the contact information set forth on the last page of this Offer. Such information is limited to (i) this Offer (including the information about the Corporation attached hereto as APPENDIX A) and (ii) information about the Corporation available through DAC Bond and the Corporation's website at *https://www.rwjbh.org/why-rwjbarnabas-health-/financial-reporting/*.

ADDITIONAL CONSIDERATIONS

In deciding whether to tender Target Bonds in response to this Offer, Bondholders should consider carefully, in addition to the other information contained in this Offer, the following:

Tax Consequences of Bond Tender and Sale

If Target Bonds are tendered to and purchased by the Corporation in response to this Offer, tendering Bondholders will generally recognize a taxable gain or loss, as explained and with the qualifications summarized under "SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES" below.

Treatment of Target Bonds Not Purchased Pursuant to Tender Offer

Untendered Bonds will remain outstanding. If the Target Bonds are purchased in the Tender Offer under this Offer, the principal amount of Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding. The terms and conditions of the Target Bonds that remain outstanding will continue to be governed by the terms of the related Trust Agreement.

If the Corporation is unable or chooses not to consummate a purchase of Target Bonds of any CUSIP by purchasing Target Bonds tendered on or around the Settlement Date, such Target Bonds will remain outstanding and subject to payment risks.

Market Conditions

While the Corporation desires and intends to purchase a substantial part of the Target Bonds tendered for purchase on or around the Settlement Date, its ability to purchase the Target Bonds may depend on (i) market conditions on and around the Expiration Time and (ii) the amount of Target Bonds tendered for purchase. Depending on market conditions, the Corporation may be unable to purchase any Target Bonds, and Bondholders will be left with the risks associated with an investment in the Target Bonds.

Future Tender or Refinancing

If the Corporation is unable to purchase the Target Bonds on or around the Settlement Date, it reserves the right, and may in the future decide, to acquire some or all of the Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine and to which Bondholders agree, which may be more or less than the Offer Purchase Prices at which it is willing to purchase tendered Target Bonds pursuant to this Offer. Any such future acquisition of Target Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of this Offer. Any decision by the Corporation to acquire Target Bonds in the future and the terms of any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Corporation will ultimately choose to pursue in the future, if it does not purchase the tendered Target Bonds on or around the Settlement Date.

No Recommendation

None of the Corporation or its board of trustees, the Dealer Manager, the Information and Tender Agent or the trustee for any of the Target Bonds makes any recommendation to any holder whether to tender or refrain from tendering any or all of such holder's Target Bonds, and none of them has authorized any person to make any such recommendation. Holders are urged to evaluate carefully all information in this Offer, consult their own investment and tax advisors and make their own decisions whether to tender Target Bonds.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The purchase of tendered Target Bonds by the Corporation pursuant to the Tender Offer will generally be taxable transactions for federal income tax purposes. As a result, each Bondholder who tenders Target Bonds will have taxable gain or loss in an amount equal to the difference between the Purchase Price received by the Bondholder and the Bondholders' adjusted federal income tax basis in the tendered Target Bonds. The character of a Bondholders' gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors which vary depending on the particular circumstances of the tendering Bondholder. Bondholders should consult their tax advisors with respect to the proper tax treatment of a sale of its tendered Target Bonds in accordance with this Offer, in light of their individual tax situation.

Amounts paid to Bondholders tendering their Target Bonds for purchase may be subject to "backup withholding" ("***Backup Withholding***") by reason of the events specified by Section 3406 of the Internal Revenue Code of 1986, as amended, which include failure of a Bondholder to supply the broker, dealer, commercial bank or trust company acting on behalf of such Bondholder with the Bondholder's taxpayer identification number certified under penalty of perjury, which is generally certified through an I.R.S. Form W-9. Backup Withholding may also apply to Bondholders who are otherwise exempt from such Backup Withholding if such Bondholders fail to properly document their status as exempt recipients.

This federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the Corporation or any of its advisors or agents to Bondholders. Such discussion does not purport to deal with all aspects of federal income taxation that may be relevant to particular Bondholders (e.g., a foreign person, bank, thrift institution, personal holding company, tax-exempt organization, regulated investment company, insurance company, or other broker or dealer in securities or currencies). In addition to federal income tax consequences, the purchase of Target Bonds by the Corporation pursuant to the Tender Offer may be treated as a taxable event for other state and local and foreign tax purposes. Bondholders should not rely upon such discussion and are urged to consult their own tax advisors to determine the particular federal, state or local tax consequences of sales made by them pursuant to this Offer, including the effect of possible changes in the tax laws.

DEALER MANAGER

The Corporation has retained Jefferies to act on its behalf as the Dealer Manager for this Offer.

References in this Offer to the Dealer Manager are to Jefferies only in its capacity as the Dealer Manager.

The Dealer Manager may contact Bondholders regarding this Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Offer to beneficial owners of Target Bonds.

The Dealer Manager and its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Corporation for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Corporation, including the Target Bonds. The Dealer Manager and its affiliates may hold Target Bonds and may participate in the Tender Offer.

The Dealer Manager is not acting as a financial or municipal advisor to the Corporation in connection with this Offer.

INFORMATION AND TENDER AGENT

The Corporation has retained Globic Advisors to serve as Information and Tender Agent for this Offer. The Corporation has agreed to pay the Information and Tender Agent customary fees for its services and to reimburse the Information and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Offer.

MISCELLANEOUS

No one has been authorized by the Corporation, the Dealer Manager, or the Information and Tender Agent to recommend to any Bondholder whether to tender Target Bonds pursuant to this Offer or the amount of Target Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Offer other than those contained in this Offer and as described under "TERMS OF THE OFFER – Information to Bondholders" herein. No such recommendation, information or representation may be relied upon as having been authorized by the Corporation, the Dealer Manager or the Information and Tender Agent.

Neither the Corporation, the Dealer Manager nor the Information and Tender Agent makes any recommendation that any Bondholder tender (or refrain from tendering) all or any portion of such Bondholder's Target Bonds. Bondholders must make these decisions and should read this Offer and consult with their brokers, account executives, financial advisors and/or other professionals in doing so.

In the event of any dispute or controversy regarding the (i) Purchase Price, (ii) Treasury Security Yield, (iii) Purchase Yield, (iv) amount of Accrued Interest or other conditions of this Offer, the Corporation's determination shall be conclusive and binding, absent manifest error.

Investors with questions about this Offer should contact the Dealer Manager or the Information and Tender Agent.

The Dealer Manager for this Offer is:

Jefferies LLC
Attn: Municipal Syndicate Desk
520 Madison Avenue
New York, New York 10022
Tel.: (800) 567-8567
Email: muni_underwriting@jefferies.com

The Information and Tender Agent for this Offer is:

Globic Advisors
485 Madison Avenue, 7th Floor
New York, New York 10022
Tel: (212) 227-9622
Attn: Robert Stevens
Email: rstevens@globic.com
Document Website: https://globic.com/rwjbarnabas

APPENDIX A

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

*Information included in this Appendix A includes forward-looking statements about the future that are necessarily subject to various risks and uncertainties (the "*Forward-Looking Statements*"). These Forward-Looking Statements are (i) based on the beliefs and assumptions of management of the System (as defined herein), on behalf of itself and its affiliates, and on information currently available to such management; and (ii) often identifiable by words such as "estimates," "expects," "expected," "plans," "believes" and similar expressions. Events that could cause future results to differ materially from those expressed in or implied by Forward-Looking Statements or historical experience include the impact or outcome of many factors that are described throughout this Appendix A. Although the ultimate impact of such factors is uncertain, they may cause future performance to differ materially from results or outcomes that are currently sought or expected by the System. The System will not issue any updates or revisions to any Forward-Looking Statements if or when changes in expectations, events, conditions or circumstances on which these statements are based occur, unless required by applicable law.*

RWJBARNABAS HEALTH OVERVIEW

Background

RWJ Barnabas Health, Inc. ("RWJBH" or the "System"), the collective group of the entities described herein, is New Jersey's largest academic health care system with a core service area that covers eight counties and more than five million residents, providing treatment and services to more than three million patients each year, and accounting for approximately 20% of all acute care discharges in the State of New Jersey ("New Jersey" or the "State"). The System's geographic coverage spans Hudson, Essex, Union, Middlesex, Mercer, Somerset, Monmouth and Ocean Counties. Throughout the System, physicians, nurses, and health professionals are committed to providing the highest quality of patient care, training the next generation of health care providers and, through partnership with Rutgers, The State University of New Jersey ("Rutgers") advancing clinical research and cutting-edge therapies. The System is also recognized for making an impact in local communities by emphasizing both the clinical care delivery platform and those services that comprise its social determinants of health platform. RWJBH believes that advancing both platforms is necessary for the improvement of the health of local residents through new educational and related opportunities.

Through its long-standing relationship with Rutgers, including Rutgers' two medical schools and schools of nursing, dentistry, pharmacy, allied health professions, public health and biomedical sciences, the System is able to access the most current medical research and treatment technologies. Through the execution of a Master Affiliation Agreement ("MAA") in 2018, RWJBH and Rutgers aligned in their mutual support of the educational, research, and clinical missions of an academic health system. RWJBH works with Rutgers' Robert Wood Johnson Medical School ("RWJMS") and New Jersey Medical School to train and educate more than 1,600 medical residents, interns and fellows throughout the System's hospitals each year. It is through the elements of the MAA that RWJBH has become the State's largest academic healthcare system, combining high-quality patient care and leading-edge research with sophisticated health and medical education.

Under the terms of the MAA, the System is to invest more than one billion dollars to expand the education and research missions of the academic health system. The affiliation includes Rutgers Cancer Institute of New Jersey ("CINJ"), the State's only National Cancer Institute-designated Comprehensive Cancer Center and the Rutgers Institute for Translational Medicine and Science, a recipient of the National Institute of Health's Clinical Translational Science Award distinguishing the partnership as only one of a small group of institutions with access to clinical studies in both oncology and non-oncology.

Each of RWJBH and Rutgers has distinct and separate corporate governance. Rutgers is not financially obligated with respect to any debt obligations to be issued and any description of Rutgers provided in this Appendix A is expressly intended to provide background solely as to the activities of Rutgers that may affect the System, as governed by the MAA. See "RWJBH AND RUTGERS" below for additional information.

The parent corporation of the System is RWJ Barnabas Health, Inc. (the "Parent"), a New Jersey nonprofit corporation and an organization exempt from federal income taxation under Section 501(a) of the Internal Revenue Code, as amended (the "Code"), by virtue of being an organization described in Section 501(c)(3) of the Code. The Parent is the sole member atop the System and has the controlling interest in the various key System affiliates or has reserve powers necessary to manage the business affairs of the System's key affiliates including all of the Members of the Obligated Group (as hereinafter defined).

Key operating statistics for the System's fiscal year 2023 include approximately:

- $8.6 billion in operating revenues;
- $12.2 billion in total assets;
- 783,000 emergency department visits;
- 210,000 acute care admissions;
- 26,000 deliveries;
- 9,800 providers;
- 41,000 employees; and
- 4.0 million outpatient visits.

RWJBH has been regularly recognized as a top employer by regional and national publications such as *Modern Healthcare* and *Becker's Hospital Review*. The System's hospitals, programs and services have earned significant awards in their fields, including the "Equity of Care Award" as a top hospital for health care diversity and inclusion from the American Hospital Association and the prestigious Magnet® designation for patient care and nursing excellence. Additionally, the System's hospitals receive high excellence, quality, and safety scores from top nationally respected organizations, including The Leapfrog Group, an independent national nonprofit run by employers and other large purchasers of health benefits.

RWJBH's Vision, Mission and Values

At the core of the RWJBH mission set forth below is the evolution of the enterprise from a "health care" company to an organization dedicated to health – "Let's Be Healthy Together." As part of a comprehensive strategic planning process driven by the implementation of a new operating model during 2023, Mission, Vision and Values statements were created to drive the enterprise forward.

Our Mission

We are an academic health system, partnering with our communities to build and sustain a healthier New Jersey.

Our Vision

RWJBH will be the premier health care destination providing patient-centered, high-quality academic medicine in a compassionate and equitable manner, while delivering a best-in-class work experience to every member of the team.

Our Values

Accountability: An acceptance of responsibility for honest and ethical conduct towards others.
Compassion: Sympathetic concern for the sufferings or misfortunes of others.
Curiosity: A strong desire to know or learn something.
Empathy: The ability to understand and share the feelings of another.
Excellence: The quality of being outstanding or extremely good.
Kindness: The quality of being friendly, generous and considerate.
Respect: A feeling of deep admiration for someone or something elicited by their abilities, qualities or achievements.
Teamwork: The combined action of a group of people, especially when effective and efficient.

HEALTH CARE DELIVERY PLATFORM

Key Service Lines

RWJBH occupies the top or near top spot in State-wide markets in essentially all major service lines including behavioral health, cardiovascular, oncology, neurosciences, orthopedics, primary care, and women and children's services (as measured by a percentage of inpatient admissions using the most currently available data, and shown in "SERVICE AREA"). The System provides a full continuum of care through its hospitals, controlled affiliates and joint venture partners and its strategy is to integrate patient experience across care locations using a service line approach. Each major service line has a dyad partnership with a clinical and an operational leader working together, designed to ensure the patient's journey is connected from physician offices, to ambulatory facilities and acute care hospitals. The following is a brief overview of each of the major service lines noted above.

Behavioral Health

RWJBH's Behavioral Health Service Line provides comprehensive behavioral health and substance abuse services to New Jersey residents and is a leading provider of integrated mental health and substance abuse treatment services, serving over half a million individuals each year. With both hospital and community-based care programs, the service line offers the broadest range of services in New Jersey, offering all levels of care for children and adults, including 24-hour crisis intervention and national peer helplines, inpatient and outpatient programs, psychiatric emergency screenings, case management, early intervention, counseling, medication management and integrated treatment plans including embedding resources in primary care offices and in acute care hospital units for more effective behavioral health intervention. RWJBH has also deployed recovery specialists across the region focused on the opioid crisis through its award-winning Institute for Prevention and Recovery. RWJBH Behavioral Health Services is also a leading provider of community-based programs, partnering with more than 300 schools and correctional facilities in New Jersey through programs managed by University Behavioral Health Care (a Rutgers controlled entity). The System is focused on working with other agencies/resources to make sure there is appropriate access, early intervention, and leading care sites to address the needs of its behavioral health patients. Management of the System believes that the ability to deliver comprehensive, ambulatory-based behavioral services is essential to any value-based risk model and will continue to make significant investments in building needed infrastructure across New Jersey.

Cardiovascular

With 36 advanced cardiac catheterization laboratories across the System, RWJBH's Cardiovascular Service Line is New Jersey's leading provider of interventional cardiac services. Four RWJBH hospitals perform more than 2,300 open heart procedures annually, inclusive of coronary artery bypass, grafting, minimally invasive surgery for repair and replacement of valves, repair of congenital abnormalities in adults and surgical treatment of atrial fibrillation. RWJBH offers heart transplantation at two sites as well as a comprehensive heart failure service for patients that are not suitable surgical candidates, and together, Robert Wood Johnson University Hospital ("RWJUH") and Newark Beth Israel Medical Center ("NBIMC") are ranked by United Network of Organ Sharing among the top 10 nationally (by volume) for this service line. Named as one of *Becker's Hospital Review* top 100 Great Heart Programs in the country, RWJBH was also recognized by American College of Cardiology as a Proven Quality Program. Minimally invasive cardiac surgery offerings include trans-catheter aortic valve replacement ("TAVR"), with RWJBH performing more TAVR procedures than any other system in New Jersey. This service line includes vascular services, such as carotid artery surgery for stroke prevention, abdominal aortic aneurysm repairs, thoracic aortic aneurysm repairs, renal artery repairs, arterial reconstruction for lower extremities and endovascular therapies, in addition to making highly specialized care such as amyloid, cardio-oncology, and women's heart health more accessible for New Jersey residents. Additionally, RWJBH has expanded advanced cardiovascular imaging into the community to create the State's largest network. RWJBH also provides the latest in promising research and technology through a wide array of device and clinical trials across multiple sites.

Oncology

The centerpiece of RWJBH's Oncology Service Line is CINJ. As previously noted, CINJ is one of a small group of comprehensive cancer centers in the U.S. designated by the National Cancer Institute and the only one in the State. The National Cancer Institute's Comprehensive Cancer Center designation is competitively awarded to centers characterized by their scientific leadership, resources, and a track record of research discoveries in basic, clinical, and population-based science. Designated centers must meet rigorous criteria in the areas of clinical care, research, prevention, and education, as well as demonstrate a substantial transdisciplinary approach that integrates each discipline-specific scientific area into one coordinated and comprehensive effort in the fight against cancer.

The service line integrates CINJ with all RWJBH programs to form the leading provider of cancer services in New Jersey treating more than 11,000 new patients each year. The Oncology Service Line promotes adherence to evidenced based clinical pathways at all care locations through a common clinical information system and integrated clinical leadership. The service line operates a call center and navigation program allowing patients to access locally based programs for routine treatment and connectivity to a network of sub-specialist and researchers proving access to advanced care. The service line is dedicated to research and education with a statewide clinical trials network and 15 fellowship programs and is focused on promoting patient access with programs like Screen NJ that brings services to vulnerable populations.

The partnership with CINJ creates a unique platform for recruitment of leading physicians and researchers. The program's approach includes partnering with physicians to identify care gaps, create alignment models, improve access and outcomes, and bring leading-edge technology to the community. As part of its strategic plan for oncology care in New Jersey, RWJBH is making significant investments in cancer facilities, technology, and physician recruitment across multiple markets. Most notable in the plans for expansion of cancer treatment, education and research is the development of the Jack and Sheryl Morris Cancer Center in New Brunswick, which will be New Jersey's first freestanding cancer hospital; it is scheduled to open in 2025. This facility along with the Melchiorre Cancer Center at Cooperman Barnabas Medical Center ("CBMC"), also slated to open in 2025, and the Vogel Medical Campus at Monmouth Medical Center ("MMC"), slated to open in 2026, are designed to bring "world class" cancer care close to the communities served by the System.

Neurosciences

The RWJBH Neuroscience Service Line provides comprehensive care for a full spectrum of neurological disorders affecting adults and children with nearly 8,600 discharges annually. The service line includes a team of neurologists, neurosurgeons and neuropsychologists, State-designated comprehensive stroke centers, movement disorder programs, Level 4 epilepsy centers in Livingston and New Brunswick, and the most advanced care for brain tumor treatment and management. Service line clinical research has yielded a variety of innovative techniques that distinguish RWJBH as a destination for treatment and continues to advance the diagnosis and treatment of complex conditions of the brain and nervous system.

Orthopedics

RWJBH offers comprehensive orthopedic services for adults and children to help manage conditions caused by arthritis, degenerative joint disease, injuries, congenital issues and general wear and tear. Orthopedic services offered at its acute care, ambulatory care and rehabilitation facilities throughout New Jersey include emergency and trauma care, diagnostic testing, minimally invasive and robotic surgery, sports medicine and rehabilitation services.

RWJBH's orthopedic surgeons care for professional and collegiate athletes, including the New Jersey Devils, Rutgers University athletes and Seton Hall University athletes, and perform a high volume of complex revision joint replacement surgeries. RWJBH has the largest group of orthopedic trauma specialists in New Jersey. Its surgeons have access to the latest technologies, including Mako Robotic Assisted Arm for total joint replacement surgery and Globus Medical's Excelsius GPS for spine surgery. New Jersey's first unilateral biportal endoscopic spine surgery was performed in 2023 at Jersey City Medical Center ("JCMC").

RWJBH was honored in 2023 by *Becker's Hospital Review* as one of the "100 Hospitals and Health Systems with Great Orthopedic Programs." Its facilities are recognized for their exemplary clinical outcomes by numerous organizations, including The Joint Commission, DNV GL Healthcare, *Healthgrades* and *U.S. News & World Report*.

The pediatric orthopedic specialists with the Children's Health Network of RWJBH care for infants, children and adolescents with a variety of musculoskeletal problems. These issues include scoliosis, hip disorders, sports injuries, fractures, hereditary disorders, bone infections, hand injuries, spina bifida, foot and ankle disorders and limb length discrepancies. The Bristol-Myers Squibb Children's Hospital ("BMSCH") at RWJUH New Brunswick is ranked 34th in the nation for pediatric orthopedics by *U.S. News & World Report*.

Primary Care

Essential to RWJBH's success in the highly competitive New Jersey market has been the development of a comprehensive primary care network with locations that span the geography of the System's service area. The System continues to secure primary care alignment through a variety of models including employment, a clinically integrated network ("CIN") providing access to value-based agreements with major payors, joint ventures and recruitment/retention strategies for new providers in partnership with Rutgers. RWJBH's goal has been the development of primary care "hubs", which provide patient centric office hours, in-office ancillaries, and specialist session space within an approximately ten minute driving distance of its entire service area population; over 20 hubs exist across the service area. RWJBH continues to advance this strategy by identifying crucial geographies, targeting key practices, and engaging them in alignment discussions. RWJBH has over 420 providers in the existing primary care network and is committed to the future growth of the primary care network.

Obstetrics/Women's Health

The RWJBH Women's Health Service Line offers a comprehensive and State-leading obstetrical and NICU program across its nine birthing hospitals, delivering more than 26,000 babies in 2023, the most of any health system in the State. In 2023, the System treated nearly 3,000 babies in its NICUs, an increase of more than 5% over 2019 levels. The service line is focused on improving maternal health, has driven a 10% reduction in the Cesarean-section rate for low-risk, first-time mothers, and all of its birthing hospitals are currently outperforming the Leapfrog benchmark for key quality indicators in maternity care. The System continues to invest in updating facilities, diversifying and aligning with physician groups, and deploying evidence-based best practices across the service line. *U.S. News & World Report* recognized four RWJBH birthing hospitals among the 2023-2024 Best Hospitals for Maternity Care, and in 2021, three RWJBH birthing hospitals were named among *Newsweek's* "Best Maternity Hospitals in the US". RWJBH offers midwifery services at its birthing hospitals, and, as an academic health system, perinatal providers and clinical teams actively engage in research. RWJBH is a leader in the implementation of structured, evidence-based models of care for supporting healthy moms, babies and families throughout the pregnancy journey, including mental health care. The System was the first in the State to implement Centering Pregnancy, a clinically led prenatal care group to support healthy pregnancies and babies, and RWJBH birthing hospitals were two of three chosen to launch TeamBirth NJ, part of a national program to support better provider and patient communications and improve outcomes. The RWJBH Center for Perinatal Mood and Anxiety Disorders was a pioneering State first that has greatly increased access to care for those affected by this common complication of childbirth. The program was the first in the United States to receive the platinum level Maternal Mental Health Friendly certification.

Pediatrics

RWJBH's pediatric network includes three State-licensed children's hospitals that serve as regional destination centers for specialized pediatric clinical services. RWJBH children's hospitals were named among the nation's Best Children's Hospitals for 2023 – 2024 by *U.S. News & World Report*. BMSCH is ranked #34 nationally for orthopedics and ranked #47 for urology. The Urology ranking recognizes a four-hospital practice that is based at BMSCH in New Brunswick but that also provides care at the Children's Hospital of New Jersey in Newark, McMullen Children's Center in Livingston, and Unterberg Children's Hospital in West Long Branch as one example of the integration of the service line across the System. Children's Specialized Hospital ("CSH") operates the State's only pediatric rehabilitation hospital, 15 outpatient therapy and rehabilitation centers and a pediatric long-term care ("LTC") facility and an array of sub-specialists and services for newborns to adolescents. CSH is the nation's leading provider of inpatient and outpatient care for children from birth to 21 years of age facing special health challenges from chronic illnesses and complex physical disabilities like brain and spinal cord injuries, to a full scope of developmental, behavioral and mental health outcomes. With its statewide ambulatory network, CSH treated nearly 40,000 children with special needs in 2023. RWJBH, in partnership with Rutgers, created a comprehensive Pediatric Strategic Plan, with a goal of creating a pediatric care platform with national scale and a foundation for growth across New Jersey.

Hospital Based Physician Services

RWJBH believes that the best care models can only be achieved if providers and operational leaders work together on patient centered approaches. To further these efforts, the System has created service lines for emergency medicine, hospitalist medicine, anesthesiology, radiology, and pathology. The service lines enable physician alignment through employment and other models and have helped enhance patient experience and quality. The largest and most developed hospital-based service line is the Emergency and Hospitalist Medicine ("ERHM") Service Line. ERHM employs all of the emergency medicine providers at the System's hospitals and allows for seamless transition from the emergency room to inpatient hospitalist care.

Hospital Network

The System's hospital network consists of 12 acute care hospitals representing over 25% of the licensed bed capacity in New Jersey. Each of the System's hospitals offer a comprehensive array of services that are integrated through the service line, clinical and operational leadership structures. Many of the System's hospitals are among the largest in the State and offer tertiary care programs including the State's only inpatient burn treatment program, the State's only lung transplantation program, one of two pediatric open heart surgery program in New Jersey, two heart transplantation programs, two kidney and pancreas transplantation programs, a bone marrow transplantation program, level III and level IV neonatal intensive care services, two State designated trauma centers and extensive surgical capabilities including the State's most advanced robotic surgery program, interoperative MRI capabilities for advanced neurosurgery and four open heart surgery programs. Eight of the System's hospitals are teaching facilities collectively offering residencies in 26 different medical specialties and 47 different fellowships all integrated under the common sponsorship of Rutgers Health ("RH") and accredited by the Accreditation Council for Graduate Medical Education. The System's hospitals draw patients from every New Jersey county and beyond.

Many of the Systems hospitals have earned designation as a Magnet® hospital in recognition of their exceptional nurse care and patient care. The System's hospital programs have been recognized by the Health Care Equality Index ("HEI") as leaders in LGBTQ healthcare equality and have achieved awards and certifications from *Becker's Hospital Review*, *Healthgrades*, *The Leapfrog Group*, *Newsweek*, and *US News and World Report*. All of the System's hospitals excluding Trinitas (as defined herein), maintain a common clinical information structure and are recognized as "Most Wired" by the College of Healthcare Information Management Executives. The System plans to fully integrate Trinitas into its information technology platform in the fall of 2024.

The System's hospitals are all connected by a Patient Transfer Center ("PTC"), a comprehensive health access center available 24/7/365. The PTC, staffed with critical care nurses, manages all aspects of the acute care transfer process from medical acceptance, bed placement, coordination with transportation and most importantly communication throughout the process. The PTC is a one-call for all that can help transfer patients into or out of facilities when clinically required. Additionally, the PTC offers consult and telehealth services to help determine if a transfer is necessary. Recently, the PTC added all Behavioral Health transfers to the comprehensive center. The PTC manages over 25,000 cases annually and allows all communities the System serves access to advanced services at RWJUH, the System's flagship academic medical center, and other tertiary care services.

Provider Network

RWJBH continues to develop and integrate its ambulatory physician and provider networks (the "Provider Network") through a variety of innovative and flexible models. These models include direct employment, Integrated Practice Agreements ("IPA") with Rutgers faculty, professional services agreements, its CIN, co-management agreements, bundled payment arrangements, practice joint ventures and other arrangements with affiliated entities. With the expansion of its Provider Network to include the faculty physicians of RWJMS and CINJ, the RWJBH Medical Group consists of over 4,000 primary care and specialty physicians and providers, which is the 4th largest physician group nationally, based on total Medicare charges, according to data provided by *Becker's Hospital Review*. Additionally, the System has made significant investments in its medical group infrastructure and leadership with the addition of a Chief Executive Officer, Chief Operating Officer, Executive Vice President for Physician Services, Chief Medical Information Officer, Physician Advisory Councils, and other management and staff to optimize and ensure optimal performance of the IPA.

The System continues to embrace new technologies. The implementation of the Epic Electronic Medical Record system is now in use at 100% of the System's medical group practices and over 90% of the System's hospitals. This results in a cohesive patient experience with physicians and providers now able to easily share patient information across practice sites and acute care settings. The System has also invested in patient access technology with the goal of providing patient centered access in a consistent, measurable, and scalable fashion.

In anticipation of the shift to value-based healthcare and care innovation, the System has made investments in its Population Health Division with Network Management, Care Management, Analytics, and other infrastructure and leadership investments towards readying the Provider Network to perform in both the governmental and the private payor care innovation models. As a result, the RWJBH Provider Network continues to provide access to primary care providers and a full complement of necessary specialties and clinical services to the populations, patients, and the communities that it serves, while focused on teaching, research, development of health care innovations, and the performance and management of quality and outcomes in cost effective and cost-efficient care delivery models.

Medical Staff

Each of RWJBH's acute care hospitals has a separate medical staff. As of December 31, 2023, there were over 9,800 providers on the active medical staffs of the System's acute care hospitals representing a significant portion of New Jersey's professionally active physicians.

RWJBH undertakes a robust Medical Staff Development Plan ("MSDP") for each affiliate, refreshed every two to three years, that examines physician staff composition and assesses community needs. The MSDPs identify trends such as age, capacity, and board certification, as well as determining the community physician supply and need within each hospital's service area. Primary care physicians are mapped, and medical neighborhood gaps are identified. Physician development plans are then completed to address institutional and community need. To supplement the MSDPs, each year the System conducts a review of medical staff changes, reviewing roster numbers by specialty, age, volumes and board certification. This review also assesses progress on the MSDPs.

Ambulatory Care Network

With a focus on building healthier communities by establishing a comprehensive care continuum, RWJBH is committed to expansion opportunities in the ambulatory space (the "Ambulatory Network"). The Ambulatory Network includes nearly 1,300 providers serving over 400 locations. Since 2019, the System has prioritized innovative joint venture partnerships with physician practices that enhance RWJBH's preventative care capabilities across New Jersey. The physician practice partnership sector of the Ambulatory Network spans 15 unique service lines – primary care, pediatrics, urgent care, women's health, anesthesia, gastroenterology, orthopedics, podiatry, general and bariatric surgery, vascular, cardiology, pathology, otolaryngology, infectious disease, and ophthalmology. These services span 11 counties in New Jersey.

Ambulatory surgery access points, at locations convenient to its population are an important component of the System's value-based care strategy. RWJBH is optimizing hospital operating room usage through the expansion of outpatient procedures performed in ambulatory surgery centers ("ASCs"), which allow for a high-quality patient experience in an efficient environment. RWJBH partnered with AmSurg Corporation, Inc. ("AmSurg") to develop an extensive network of ASCs. The joint venture entity, Jersey ASC Ventures, LLC ("JASC") is owned 51% by an affiliated entity of RWJBH and 49% by AmSurg. JASC now has a majority ownership in and/or manages 25 ASCs across New Jersey and is in active partnership discussions with a number of others across the State. The System's ASC network also includes fully owned facilities and GI Ventures, LLC a gastroenterology network operated in partnership with Physicians Endoscopy, L.L.C., a subsidiary of Surgical Care Affiliates, L.L.C.

Home health and hospice services, through VNA Health Group of New Jersey, LLC, are a strategic priority for the Ambulatory Network. The partnership was formed to allow the System to coordinate care for a more seamless patient experience, reduce unnecessary re-hospitalizations, and improve health outcomes for the patients and populations it serves. The rise of the COVID-19 pandemic highlighted the critical nature of home health services. The System was able to facilitate home-based COVID-19 testing and vaccinations among at-risk populations who were unable to travel to hospitals or community-based clinics. The joint venture positions RWJBH to continue to meet emerging health system challenges and provide home care and hospice services to all of the counties in the System's core service area.

In an effort to deliver a fully integrated imaging network that provides convenient, high-quality, cost effective and patient-centric medical imaging solutions for the medical communities it serves, RWJBH partnered with RadNet, Inc., the largest national provider of diagnostic imaging services in the United States. The joint venture entity, The New Jersey Imaging Network, L.L.C. ("NJIN"), is owned 51% by an affiliate of RWJBH and 49% by an affiliate of RadNet. This partnership allowed RWJBH to rapidly expand its access points through the acquisition of existing centers, development of new centers and affiliations with existing imaging providers. Currently NJIN owns and operates 33 imaging facilities across the State and is focused on expanding the service line. The System owns, in part, an additional three facilities and is actively pursuing opportunities to enhance its presence in outpatient imaging throughout New Jersey.

Further, the System is committed to providing patients with physical therapy and rehabilitation services post-discharge from RWJBH hospitals. As such, RWJBH acquired a controlling interest in JAG Physical Therapy ("JAG") in 2022. JAG is a growing physical therapy platform and consists of over 140 physical and occupational therapy centers across New Jersey, New York, and Pennsylvania.

In February 2023, the System aligned with 48 free-standing DaVita dialysis centers for a 9.5% membership interest. RWJBH and DaVita closely monitor access-to-care challenges for dialysis patients in RWJBH facilities and opportunities for DaVita to enhance kidney care efficiencies within the System's acute care settings.

Mobile Health

The System's mobile health division is comprised of four major service lines: Emergency Medical Services ("EMS"), a training center, non-emergent patient transportation, and the PTC managing all patient transfers into, out of, and between system hospitals as described above.

As the State's largest EMS provider, RWJBH has been providing emergency medical services continuously since 1982 to a coverage area that spans ten counties, over 110 municipalities, and over three million people throughout 1,280 square miles of coverage. The division provides comprehensive services including basic life support in 24 municipalities, advanced life support, ground and air specialty care transport, disaster response and a 911 dispatch center that manages over 425,000 calls annually. RWJBH emergently treats and transports more than 120,000 patients, using two hundred ambulances, a helicopter, and numerous other assets. RWJBH's EMS recently became the largest New Jersey provider accredited by the Commission on Accreditation for Ambulance Services ("CAAS"). CAAS accreditation demonstrates that RWJBH's EMS has met the rigorous national standards for operational and clinical metrics determined by the ambulance industry.

From a training standpoint, the System operates the largest training center in the State. The training center has a paramedic program accredited by the Committee on Accreditation of Educational Programs for the EMS Profession and is held at the JCMC location in affiliation with Hudson County Community College. In 2020, an additional campus opened in East Brunswick. This program is training current emergency medical technicians ("EMTs") to become Paramedics. Additionally, the training center is an EMT Training Program accredited by the New Jersey Office of EMS. The training center credentials approximately eight hundred new EMTs each year at its campuses in Jersey City, Somerset, Rahway, Belleville, Monmouth, Lakewood, and East Brunswick.

In January 2023, RWJBH acquired Barnabas On Time Holdings, LLC ("On Time"), an established medical transportation company, transporting over 75,000 patients a year. On Time provides wheelchair transport, Basic Life Support, and Specialty Care Transport to the System.

Quality Initiatives

Through its robust "Safety Together" initiatives and High Reliability Organization ("HRO") approach, RWJBH continues to build upon its established foundation for safety and quality by focusing on efforts to differentiate the System's services for patients and communities. The System's quality plans assure that its vast array of clinical services continues to exceed requirements in accreditation, regulatory and safety, while embracing and promoting best practices across the System. Clinical resource management throughout the System ensures that, as the agenda for care improvement is set, there is also consideration for improvements in operating efficiency and expense reduction. To further these efforts the System has established a High Reliability Cabinet and various clinical collaborative forums, which includes executive level and clinical representation from all of the acute care and ambulatory facilities and other providers as appropriate. These groups meet regularly with the sole objective of advancing quality of care, safety and patient experience throughout the System.

Since its launch in 2017, the System's "Safety Together" platform has driven a rigorous program of education, reaching all 41,000 employees and its aligned members of the Medical Staff. Through the adoption of a common "safety language" and the sharing of industry best practices, RWJBH has been able to more accurately capture serious safety events, as well as those events that are deemed near-misses, to establish a new baseline for safety and ideal clinical outcomes. Further opportunities for improvement, such as the creation of unit-based "safety coaches" and huddle boards, and use of daily safety huddles, which include executive leadership, have been implemented across the System's hospitals.

As evidence of the System's heightened focus on quality and safety, performance in 2023 for hospital acquired infections significantly improved across all hospitals in areas such as C. difficile and central line-associated blood stream infection. Additionally, RWJBH has partnered with Vizient on performance improvement initiatives and system-wide adoption of the Vizient Clinical Database.

The Institute for Nursing Excellence™ is the conceptual framework the System created to align nursing professionals and nursing practice, foster professional development, innovation, and research, enhance collaboration with academic partners and promote interprofessional education and collaboration. The institute supports providers and improves patient care but more importantly, its goal is to build and sustain an exemplary nursing workforce representative of the communities it serves, through new knowledge and innovation that help drive improved patient and family outcomes, reduce costs, and provide greater access to care.

Employees

RWJBH currently employs over 41,000 full and part time employees representing approximately 30,000 full-time equivalents. Management considers its relationship with System employees to be good, and employee engagement scores have continued to increase at a statistically significant rate year-over-year. Approximately 8,500 employees are represented by various unions with the most significant concentration consisting of the nursing and non-clinical employees at RWJUH New Brunswick, CBMC and JCMC.

RWJBH continuously focuses its Diversity, Equity and Inclusion efforts on its workforce, leading to national recognition by *Newsweek* as one of "America's Greatest Workplaces for Diversity." The System continues to nurture an inclusive environment to remain an employer of choice across all regions of New

Jersey. Additionally, 10 System hospitals secured and maintained their HEI Leader designation by the Human Rights Campaign Foundation to demonstrate commitment to equitable care for the LGBTQ+ community.

RWJBH offers comprehensive and market-competitive benefits to its employees through various partners, including medical and prescription drug insurance, dental and vision insurance, life insurance, and short-and-long-term disability insurance. Additional perks for employees include access to voluntary benefits such as pet and legal insurance, tuition reimbursement programs, and employee discounts. Additionally, RWJBH offers 401(k), 403(b) and 457(b) plans, some with employer matching and non-matching contributions. As part of its integration efforts, RWJBH will continue to optimize its benefit offerings leveraging scale to ensure cost effective and competitive benefit offering to all of its employees.

RWJBH AND RUTGERS

Background

Through its long-standing relationship with Rutgers, including Rutgers' two medical schools and schools of nursing, dentistry, pharmacy, allied health professions, public health and biomedical sciences, the System has access to medical research and treatment technologies. Through the MAA, RWJBH and Rutgers aligned in their mutual support of the educational, research, and clinical missions of an academic health system. The parties consolidated the System's educational and research activities under Rutgers' leadership, in coordination with RWJBH, and consolidated clinical services under the leadership of RWJBH, in coordination with Rutgers. RWJBH works with RWJMS and New Jersey Medical School to train and educate more than 1,600 medical residents, interns and fellows throughout the System's hospitals and other training locations each year.

Through its affiliation with Rutgers, RWJBH aims to bring its resources to improve the lives of its population by:

- Advancing and deploying health science innovation;
- Developing/expanding Centers of Excellence across a number of clinical specialties;
- Increasing accessibility to primary and specialty physicians and clinicians across the region;
- Dedicating significant, collective resources to education, research, and health improvement;
- Retaining leading clinical and academic faculty to build and expand clinical and research capabilities across New Jersey;
- Focusing on the recruitment of new high-caliber principal investigators across the RWJBH service area - dramatically increasing its research portfolio;
- Providing financial support earmarked to encourage residents and fellows to remain in and provide care to residents of New Jersey;
- Increasing opportunities to train its medical, dental, nursing, pharmacy, and other health professional students in inter-professional clinical environments; and
- Expanding access to clinical trials, bringing new and promising treatments to patients across New Jersey.

Graduate Medical Education

RWJUH New Brunswick has a deep, historical relationship with Rutgers that predates the formation of the System. RWJUH New Brunswick is the principal teaching and research hospital of Rutgers RWJMS and the System's "flagship" academic medical center. Together with Rutgers, the System hospitals operate the largest non-medical school-based graduate medical education programs in New Jersey with approximately 1,600 residents and fellows located at RWJUH New Brunswick and seven additional teaching hospitals with programs in most major specialties and subspecialties including residency programs in Internal medicine, Pediatrics, Combined Internal Medicine/Pediatrics, Obstetrics/Gynecology, General Surgery, Orthopedic Surgery, Neurosurgery, Diagnostic Radiology, Anesthesiology, Pathology, Dentistry, Podiatric Surgery, Emergency Medicine and Otorhinolaryngology/Facial Plastic Surgery.

In collaboration with Rutgers, RWJBH also operates fellowship programs in the following subspecialties of Internal Medicine Family Medicine, Primary Care Sports Medicine, Nephrology, Hematology/Oncology, Cardiology, Interventional Cardiology, Cardiac Electrophysiology, Advanced Heart Failure and Transplantation, Pulmonary/Critical Care Medicine, and Infectious Diseases. Other fellowship programs include Vascular Surgery, Mammography, and Pediatric Emergency Medicine. It should be noted that fellowships are specialty training programs beyond the core residency program. Each residency program is accredited by the Accreditation Council for Graduate Medical Education, the American Osteopathic Association, the American Dental Association or the Council on Podiatric Medical Education, as appropriate.

Advancing Research and Discovery

Since the inception of the MAA, research awards at RH have experienced marked growth, rising from $393 million in fiscal year 2019 to $549 million in fiscal year 2023, a more than a 40 percent increase. Over the past 18 months, RH has secured two highly competitive research infrastructure grants: the CINJ designation and the New Jersey Alliance for Clinical and Translational Science ("NJ ACTS"). RH stands as the sole recipient in New Jersey, receiving approximately $15 million over five years for the National Cancer Institute designated hub and approximately $51 million over seven years for the Clinical and Translational Science Award sponsored NJ ACTS. These awards establish platforms in translational clinical research, clinical trials coordination, clinical research data warehousing, training, and career development. The partnership between RH and RWJBH presents an opportunity to transition discoveries from the laboratory bench to the bedside, leveraging the strengths of basic and computational sciences and engineering at the Rutgers New Brunswick campus. The recruitment of System-funded tenure track faculty and their research output were integral in securing both awards.

In line with the System's commitment to innovation, the National Institutes of Health ("NIH") Research Evaluation and Commercialization Hubs ("REACH") program will conclude in 2024. The program helped establish an infrastructure that accelerates the translation of biomedical discoveries into commercially viable diagnostics, devices, therapeutics, and tools to enhance patient care, improve health outcomes, and cultivate the next generation of innovators. Building upon its success, RH has devised a sustainable model for the program, wherein a portion of royalties from RH inventions will be utilized to perpetuate the pilot programs, ensuring a continuous pipeline for the commercialization of academic assets. To foster the expansion of research and innovation, the construction of the Jack and Sheryl Morris Cancer Center in New Brunswick is progressing steadily, slated for completion in 2025. Additionally, the development of the Helix complex across from RWJUH New Brunswick represents a statewide initiative that will offer 550,000 square feet of state-of-the-art space for translational research and venture capital incubators, accommodating approximately 50 new wet and dry laboratory researchers, and serve as the new home for RWJMS; it is scheduled to open in early 2026.

In addition to these milestones, RH, in collaboration with RWJBH, secured a $4 million Patient-Centered Outcomes Research Institute/Agency for Healthcare Research and Quality sponsored award to support the career development of early-stage investigators in studies aimed at enhancing patient care through the utilization of a learning health system. This award, the only one of its kind in New Jersey, will employ cutting-edge dissemination and implementation science to analyze, develop, and deploy innovative solutions to address bottlenecks in healthcare delivery. Furthermore, RH successfully competed for an All-of-US NIH award, aiming to recruit over 50,000 participants for comprehensive genetic testing, contributing to a pool of 1 million Americans across New Jersey.

SYSTEM STRATEGIC PLANS

Introduction

With the recent appointment of several new executive-level leaders, RWJBH adopted a new operating model across the health system that drives strategy through a regional and clinical service line approach. Each of RWJBH's regions are led by a Regional President, each with a dual role: to oversee the integration and operation of all inpatient and outpatient providers located within their geographic region and to provide guidance to selected corporate service line leaders in the areas of behavioral health, cardiovascular, children's health, emergency and hospital medicine, oncology, orthopedics, neurosciences, and women's health.

With this new operating model, RWJBH recently completed service line-specific strategic plans through a collaborative approach among regional and service line leaders with input and counsel from strategy and business development teams. These strategic plans focus on the areas of quality and safety, access and growth, academics and research, and financial performance. Each plan explored the changing landscape for the service line from both an internal and external perspective, defined the future optimal state, and identified service-line specific transformational targets required to achieve that state. See "HEALTH CARE DELIVERY PLATFORM – Key Service Lines" above.

Acquisitions, Mergers, Divestitures, Affiliations, and Alliances

RWJBH continuously evaluates potential acquisitions, mergers and affiliations as part of the overall strategic and development process, as well as decisions to divest and/or sell existing entities, services or products that currently comprise the System. As part of this process, the System is frequently in discussions with the State, health care systems both in New Jersey and in other states, and other stakeholders. These discussions can include any of the matters described in the preceding sentences or other participation by the System, financial or otherwise, across the health care delivery spectrum. As a result, the group of affiliated health care entities currently comprising the System and the properties and facilities operated by them may change over time. In addition, any transaction involving incurrence of indebtedness, disposition of assets or certain other capital or governance related transactions is governed by the Master Indenture.

Successful Epic Implementation

To accomplish the goals of its strategic plan, the System recognized the need to strengthen its core competencies in technology, analytics, and innovation by establishing a unified operating model that will drive standardization, continuous quality improvement and cost reductions across the entire system. Leadership determined that a key component of this was to deploy an integrated Electronic Health Record ("EHR") with supporting revenue cycle, data analytics and consumer-facing digital capabilities. After a thorough review of the marketplace, the Epic suite of products was chosen to achieve these goals. The implementation has been done in phases with a cost of approximately $750,000 over ten years.

The launch of this initiative, which has been named "Epic Together," formally commenced on January 29, 2020, with simultaneous kick-off events held throughout RWJBH and across key Rutgers campuses. To build the Epic system, 3,330 subject matter experts, nurses, physicians, pharmacists, medical school staff at Rutgers and a myriad of other stakeholders throughout the System were identified and assembled into 62 discipline specific workgroups and councils.

The project is being completed in several waves. Most recently, the Epic Together team completed Wave 4 in April 2023 and Epic Wave 5 activation was completed in October 2023. With the completion of Wave 5, the System has 94% of acute care facilities and 100% of the Medical Group live on Epic. The team recently completed the 10,000th enhancement to the system as well as four upgrades in 2023. The last activation wave of the project is scheduled for September 2024.

RWJBH participated in the Good Install Program, offered by Epic that gives organizations an opportunity to earn a rebate by meeting more than 33 requirements of a successful installation. RWJBH received one of the largest rebates in Epic's history becoming the first customer to earn a Gold Stars ranking of a perfect ten for a new installation. Gold Stars program is the adoption of the 700 best workflows in the world. An Epic Gold Stars ranking of ten represents the top 0.3% of all Epic customers, which include some of the nation's top healthcare providers. In 2023 the System was recognized for a second year in a row as achieving Gold Stars 10, one of only 16 Epic customers in the world to have this designation.

Value-Based Models

Given the transformative nature of value-based models, RWJBH strives to be an early adopter. These models have included participation in The Centers for Medicare & Medicaid Services ("CMS") innovation models, private payor models, and the System's self-insured employee health plan model.

Governmental Programs: As a result of healthcare reform and the deployment of CMS innovation programs, RWJBH was an early participant in the Medicare Shared Savings Program, Comprehensive Primary Care Plus, Primary Care First, Million Hearts, and others; RWJBH also participates in the Comprehensive Joint Replacement Program.

Private Payors: Through its physician alignment strategies including the CIN and employed physician models, RWJBH participates in value-based payment models with all of the major payors in New Jersey, comprised of shared savings based on a total medical expense budgets and/or financial incentives for achieving certain quality and performance metrics on the populations served by the System. The System continues to expand and adopt innovative models to drive success. These expansions include strategies focused on community partners by improving the health, wellness, and health care costs associated with their employee base. These expansions include Employee Health Plan enhancements, as RWJBH seeks to develop models that manage the health and medical cost of its participating employee subscribers through understanding cost drivers and cost reduction opportunities, while the System provides care management, deploys Centers of Excellence, provides virtual health options, and implements population health tactics to improve the health of its employed population.

RWJBH recognizes value-based payment models require a world-class health care infrastructure and delivery model. RWJBH continues to invest in its Population Health and Accountable Care Infrastructure. Samples of these investments are demonstrated by the following deployments:

- ***Network Management:*** The Network Development team's focus is to develop a patient-centered medical neighborhood consisting of primary care, specialists, and other providers who are focused on clinical best practices through a re-designed care model that aligns providers around improvement of quality/outcomes, while reducing costs and providing exceptional patient experience. The Provider Relations team delivers information, education, and coordinates with other functional areas to address challenges experienced by the System's providers;

- ***Integrated Care Management:*** Provides clinical outreach to high risk/cost patients across the care continuum, minimizing or preventing the progression of disease, while promoting wellness based on a risk stratification model. RWJBH's integrated model consists of multiple disciplines including medicine, nursing, pharmacy, behavioral health, social work, home health, care navigator, and community health, among others;

- ***Provider Engagement:*** The most critical functional area in the System's population health deployment is a focus on improving quality/outcomes through physician led initiatives. RWJBH's Provider Engagement teams work with its physician partners to deploy clinical best practices, assist in practice/process work flow, and provide tools and support services to assist in the management of patient populations;

- ***Analytics and Reporting:*** Transforming data from disparate systems into meaningful and actionable information is critical to effective population health management. RWJBH is providing reliable, timely, and accurate information to clinicians to assess gaps in care, resolve trends, and improve quality/outcomes. The team analyzes data to identify cost drivers/reduction opportunities; develops risk stratification models and predictive analytics to focus clinical outreach; and supplements its efforts from leading firms such as Milliman for actuarial and analytical support; and

- ***Information Services:*** RWJBH's technology solutions, including the Epic EHR, allow for more effective and efficient work flow to manage, document, and impact its patients and support all population health efforts.

RWJBH continues to invest in people, process, and technology supporting value-based systems of care. These investments also include investment in organizational vehicles, such as its CIN, that align the System's employed and community physicians.

Braven Health

RWJBH advanced its Medicare Advantage Strategy through its active participation in a co-branded Medicare Advantage product, known as Braven Health. Launched to the public in September 2020, Braven Health is a Medicare Advantage plan designed to enhance the health care experience for its members living throughout all 21 New Jersey counties. Braven Health is the first and only New Jersey Medicare Advantage plan owned and operated jointly by the State's largest health insurer, Horizon Blue Cross Blue Shield of New Jersey ("Horizon BCBSNJ"), and two of the State's leading health networks, Hackensack Meridian Health and RWJBH. Braven Health utilizes Horizon BCBSNJ's existing Medicare Advantage managed care networks, meaning that every doctor and hospital that participates in those networks, which are among the largest in New Jersey, will also be in-network for comparable Braven Health plans. As a Blue Cross Blue Shield ("BCBS") plan, Braven Health's members choosing a PPO plan also will have access to the BCBS national Medicare Advantage PPO network whenever outside of New Jersey.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS

Protecting the Environment

Since its formation in 2016, the System has been awarded over $57.8 million in both grants ($32.6 million) and loans through the PSEG and NJ Natural Gas Hospital Energy Efficiency programs to invest in the mechanical, electrical and plumbing ("MEP") infrastructure of its facilities. These dollars have supported initiatives designed to reduce the energy and carbon footprint of hospital buildings and ensure the System's ability to maintain a safe environment for patient care. RWJBH has also been awarded $70 million in both grants ($45.6 million) and loans, through the New Jersey Energy Resilience Bank ("NJERB"). The NJERB is a direct approach to address significant energy infrastructure vulnerabilities arising in the aftermath of Superstorm Sandy in 2012. The funds received by the System improve its MEP resiliency and redundancy with the utilization of combined heat and power generators, so the System is able to fulfill its mission during a local or regional natural disaster.

Combatting the Social Determinants of Health

As referenced above, RWJBH has transitioned its mission from focusing upon "health care" to "health." RWJBH has developed initiatives, programs, innovative partnerships, and learnings from other organizations focused on the social determinates of health ("SDOH") of its community. RWJBH uses its position in its local markets to enhance the System's Social Impact and Community Investment (SICI) work through workforce development, purchasing and investing. RWJBH is a co-founder of the Healthcare Anchor Network – a growing national collaboration of now 70+ leading healthcare systems building more inclusive and sustainable local economies.

The System meets its social impact mission by effectively serving as an anchor institution in the communities it serves through its "Hire Local, Buy Local, Invest Local" strategy and priority initiatives that address the SDOH. Priority initiatives such as food insecurity, education and health literacy and access to care and services are strategically addressed through the co-design of evidence-based strategies with key local, state, and national partners.

Hire Local

This year, RWJBH expanded the "Hire Local, Buy Local, Invest Local" strategy zip codes to be System-wide, in order to capture the breadth and depth of its hiring impact. The zip codes included the primary service areas for each hospital in addition to the social vulnerability index by the CDC, which ranks communities' risk from Low to High. RWJBH expanded from 21 zip codes to 111 zip codes across 9 counties. 16% of total RWJBH workforce is comprised of individuals who reside in 21 Asset Limited, Income Constrained, Employed zip codes.

Buy Local

In 2023, RWJBH spent $35.9 million with local and diverse businesses in New Jersey. The SICI team launched the "Buy Local Portal," which is integrated with the System's PeopleSoft system to enable employees to search for local and diverse business near RWJBH facilities, promoting local spend.

Invest Local

In collaboration with Rutgers, RWJBH continues a teacher training program that was created for the System's *KidsFit* program, which has long been implemented in Newark. KidsFit is now offered in 101 schools in New Jersey with outcomes showcasing positive changes in both eating behavior and nutrition knowledge.

To address food insecurity, RWJBH has created "Food Farmacies" and Wellness Pantries in communities where need is the greatest providing needed education and healthy food in 2023. In partnership with the Community Food Bank of New Jersey, Women's Pantries at NBIMC and RWJUH New Brunswick have provided more than 350 women and families needed food, education and referrals to the federal Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Woman, Infants and Children. JCMC's Food Farmacy provided 200 patients with needed food and education for those with chronic conditions. Additionally, the System worked with local farmers through its partnership with The Common Market organization to deliver 27,000 pounds of fresh farm food directly to pantries and soup kitchens throughout the System.

Our Healthy Newark

As part of the fiscal year 2023 State budget, RWJBH received an appropriation of $25 million to address health disparities within the City of Newark. Specifically, a comprehensive program, known as Our Healthy Newark, was developed to address these growing needs.

To support this successful implementation, a strategic partnership was developed between the System and Saint James Health ("SJH"), the leading Federally Qualified Health Center ("FQHC") with three care locations in Newark. Lack of care coordination often leads to access to care issues in underserved communities. RWJBH partnered with SJH to increase access to care to the underserved communities of Newark by providing up to date EHR systems. In the fall of 2023, the installation of Epic across SJH sites was completed thereby enhancing real-time access to medical information for at-risk members of the community.

The System implemented a plan to hire and train 25 Community Health Workers ("CHWs") and imbed them in locations across Newark including FQHCs, schools, clinics, and places of worship. To date, 22 CHWs have been recruited and launched into the community. These CHWs work with patients and follow them to assist with appointment scheduling, connectivity and utilization of community resources and also facilitate the patients' screening for SDOH.

A top priority for RWJBH is to invest and to have positive outcomes in child and maternal healthcare. Therefore, the System has recruited medical specialists to support the Newark-area hospitals and FQHCs. These specialists include obstetrics and gynecology and nurse practitioners for women's health. The expansion also incorporates more pediatric pulmonologists, endocrinologists, neurologists and rheumatologists. Furthermore, the strategy calls for the physician coverage to continue into evening and weekend hours.

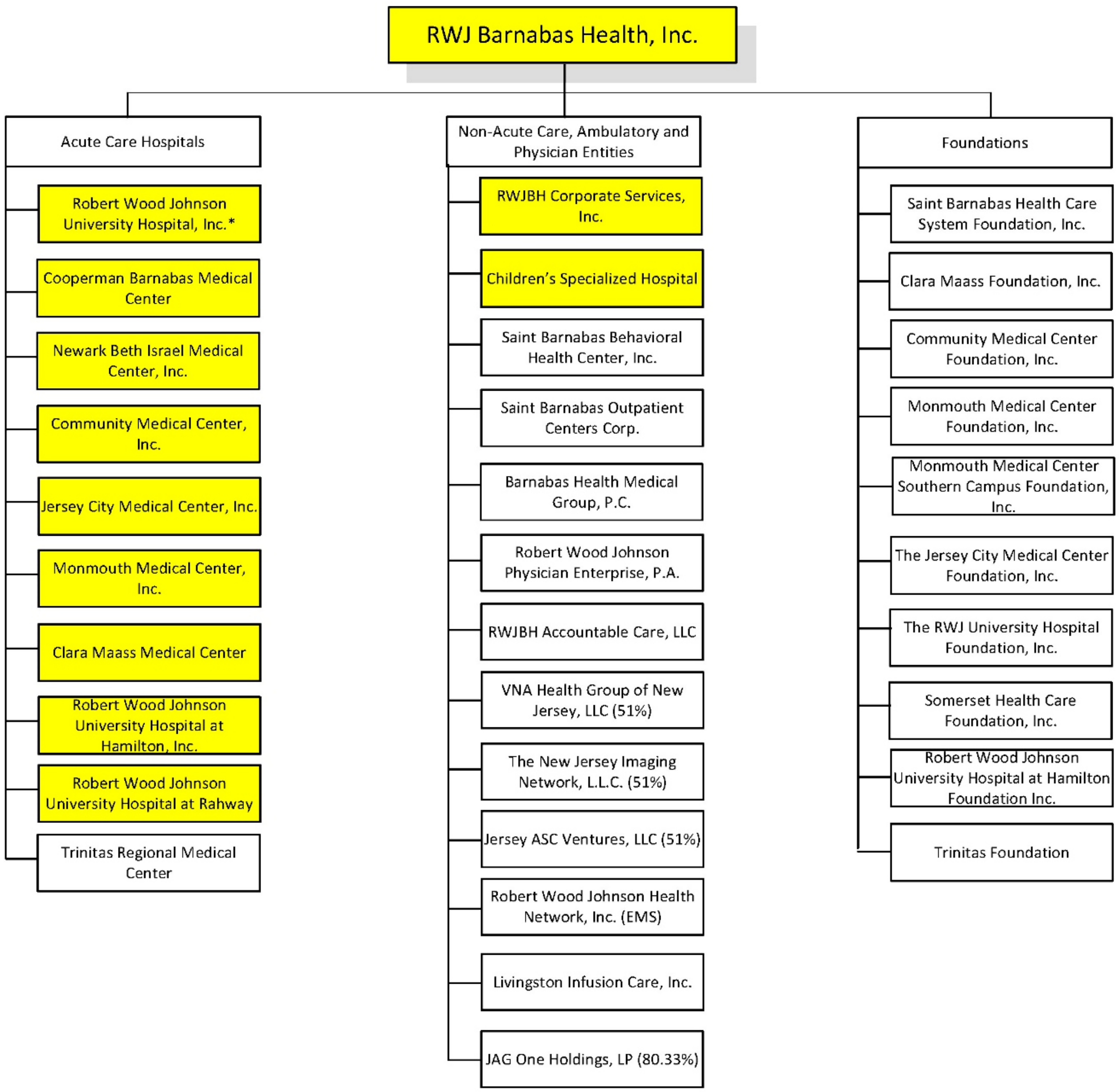
Diversity, Equity and Inclusion

RWJBH has a Corporate Office of Diversity, Equity and Inclusion to focus on the well-being of the diverse communities the System serves with a continued commitment to high-quality, culturally competent care absent of racism, prejudice, micro-inequities or any other form of discrimination. This office is focused on delivering on the System's health equity promise and strengthening the trust between its facilities and the communities they serve. A major initiative also underway includes increasing the diversity among members of the various Boards of Trustees and leadership teams across the System.

Health Equity and employee optimization are two of the many ways that Diversity, Equity and Inclusion is a driver for innovation and growth. As one of the largest employers and a major economic engine in communities across the State, the System believes it is its responsibility to play a major role in improving health outcomes for disadvantaged populations across New Jersey, while creating a supportive and inclusive culture for employees, physicians and every customer, client, and patient served.

CORPORATE STRUCTURE AND OBLIGATED GROUP

The following chart depicts the key affiliates and subsidiaries of the Parent organized by functional category. Shaded boxes represent members of the Obligated Group.



* New CINJ Cancer Pavillion will be under Robert Wood Johnson University Hospital, Inc's (New Brunswick) license

The Parent, RWJBH Corporate Services, Inc. (f/k/a Barnabas Health, Inc.), Children's Specialized Hospital, Clara Maass Medical Center, Community Medical Center, Inc., Jersey City Medical Center, Inc., Monmouth Medical Center, Inc., Newark Beth Israel Medical Center, Inc., Cooperman Barnabas Medical Center Inc. (f/k/a Saint Barnabas Medical Center), Robert Wood Johnson University Hospital, Inc., Robert Wood Johnson University Hospital at Hamilton, Inc. and Robert Wood Johnson University Hospital Rahway are the current Members of the Obligated Group (each a "Member of the Obligated Group" or collectively, the "Obligated Group").

Only Members of the Obligated Group are obligated to pay debt service for all Obligations issued under the Master Indenture. Other System affiliates are not obligated to pay debt service on any Obligations issued under the Master Indenture. In order for additional entities, including System affiliates, to become or cease to be Members of the Obligated Group under the Master Indenture, certain provisions contained in the Master Indenture must be satisfied. The Parent is the Combined Group Agent for purposes defined in, and specified under, the Master Indenture. All Obligations issued by the Parent on behalf of the Obligated Group members will be evidenced by a promissory note or other Obligation executed by the Parent, as Combined Group Agent under the Master Indenture.

As of and for the fiscal year ended December 31, 2023, the Obligated Group accounted for approximately 87% of the consolidated assets of the System and approximately 81% of the consolidated operating revenues.

Description of the System by Key Obligated Group Member

RWJBH has centralized and/or consolidated certain administrative, financial and clinical functions under RWJBH Corporate Services, Inc. ("Corporate Services") to establish cost-effective and efficient infrastructures necessary to support its operations. Corporate Services is a member of the Obligated Group but does not generate significant revenue. A brief description of the key members of the Obligated Group is set forth below.

Robert Wood Johnson University Hospital, Inc. ("RWJUH") operates separately licensed hospitals on two campuses, a 614 licensed bed teaching hospital in New Brunswick, New Jersey ("RWJUH New Brunswick"), and a 339 licensed bed hospital in Somerville, New Jersey ("RWJUH Somerset"). RWJUH cares for approximately 48,000 inpatients and 142,000 emergency room patients each year and draws patients from all twenty-one counties in New Jersey.

RWJUH New Brunswick

RWJUH New Brunswick offers an array of clinical services, including the following key services: bone marrow, heart, kidney and pancreas transplantation, cardiac surgery, diagnostic and interventional catheterization, neurosurgery, epilepsy care, perinatal and maternity services, neonatal intensive care, gamma knife treatment, radiation oncology and chemotherapy and shock trauma.

RWJUH Somerset

RWJUH Somerset provides comprehensive emergency, medical/surgical and rehabilitative services. Outpatient services include radiology, laboratory, wound care, diabetes management, nutritional counseling and physical, occupational and speech therapy. In partnership with CINJ, it provides a full range of outpatient services, including breast imaging services, infusion therapy, radiation therapy, a lung cancer screening program, PET/CT imaging services, nutritional counseling, access to clinical trials and complementary medicine programs.

Cooperman Barnabas Medical Center, Inc. ("CBMC") operates a 597 licensed bed acute care facility located in Livingston, New Jersey. CBMC cares for nearly 34,800 inpatients annually, including delivery of close to 6,300 babies. CBMC is a fully accredited teaching hospital, offering tertiary acute care services and draws patients from nearly every county in New Jersey. The Burn Center at CBMC is New Jersey's only certified burn unit caring for both adults and children. The Renal and Pancreas Transplant Division is the 5th largest kidney transplant program in the United States.

Newark Beth Israel Medical Center, Inc. ("NBIMC") operates a 653 licensed bed acute care facility located in Newark, New Jersey. NBIMC annually cares for approximately 25,000 inpatients and same-day-surgery patients and provides approximately 90,000 outpatient emergency room visits. NBIMC operates a Level IV Regional Perinatal Center and is home to the Barnabas Health Heart Center. NBIMC has a Robotic Surgery Center, is a provider of extracorporeal membrane oxygenation services and one of two New Jersey hospitals offering specialized pediatric cardiac surgery. NBIMC is one of the top 15 heart transplant centers in the country, having performed over 1,100 heart transplants over the years and also has the State's only approved lung transplantation program.

Jersey City Medical Center, Inc. ("JCMC") operates a 352 licensed bed acute care teaching facility, which cares for over 22,000 inpatients and same-day surgery-patients annually. JCMC is designated by the State as a Level II Trauma Center and has more than 96,000 annual Emergency Department visits, including psychiatric emergency services. JCMC is also a state-designated Regional Cardiac Surgery Center, Regional Perinatal Center, and Primary Stroke Center. Other specialized services at JCMC include an orthopedic and spine institute, child and adolescent behavioral health, and a comprehensive cancer program as part of CINJ.

Monmouth Medical Center, Inc. ("MMC") operates two separately licensed hospital campuses under one leadership team with shared support functions and integrated clinical programs.

Monmouth Medical Center, Inc. ("MMC Main")

The primary campus located in Long Branch, New Jersey ("MMC Main"), is a 514 bed licensed acute care teaching facility that annually cares for approximately 33,000 inpatients and same day surgery patients and delivers nearly 7,000 babies. MMC Main includes a state-designated Children's Hospital offering specialized pediatric care, a Level III neonatal intensive care unit, a pediatric intensive care unit and subspecialty pediatric care in areas such as cardiology, gastroenterology, surgery, endocrinology, neurology, psychiatry and pulmonology. It is the largest provider of mental health services in Monmouth County with a total of 63 psychiatric beds and psychiatric emergency screening services.

Monmouth Medical Center Southern Campus ("MMCSC")

MMCSC is located in Lakewood, New Jersey, and is a separately-licensed, 241 bed acute care facility offering advanced diagnostic and treatment services. MMCSC treats more than 31,000 patients per year, in addition to the 8,600 inpatients and same-day-surgery patients it serves annually. MMCSC is a designated Primary Stroke Center and is home to Ocean County's only Psychiatric Emergency Screening Service. Currently, MMCSC operates 60 of its 241 licensed beds as psychiatric beds located at RWJBH's Behavioral Health Center as well as 54 med/surg telemetry beds, eight of which are designated for dual medical and behavioral health diagnoses, and 20 intensive care unit beds at its main campus in Lakewood.

Community Medical Center, Inc. ("CMC") operates a 617 licensed bed acute care facility in Toms River, New Jersey. In 2021, the hospital became a teaching hospital, expanding its programs and services to now provide education to the next generation of physicians in conjunction with RWJMS. It annually cares for over 31,000 inpatients and same-day-surgery patients, including the delivery of over 2,000 babies.

Its Emergency Department treats over 66,000 adult and pediatric patients annually. It offers comprehensive care including specialized services such as emergency angioplasty, cardiac catheterization, robotic surgery, and Level II perinatal care. CMC also offers a transitional care unit and hospice care. It operates a regional cancer center with radiation therapy and the area's only CyberKnife.

Clara Maass Medical Center ("CMMC") operates a 472 licensed bed acute care facility located in Belleville, New Jersey. CMMC provides more than 15,000 admissions, 11,000 surgeries including same-day-surgery patients and approximately 73,000 emergency room visits annually. CMMC also provides transitional care, eye surgery, emergent and elective angioplasty, Level II neonatal care, electroconvulsive therapy and radiation therapy. CMMC has a sleep lab center, a Primary Stroke Center, Joint and Spine Institute, Cancer Center and a Wound Care Center.

Robert Wood Johnson University Hospital at Hamilton, Inc. ("RWJUH Hamilton") operates a 248 licensed bed acute care facility located in Hamilton Township, New Jersey, which annually cares for approximately 12,000 inpatients and same day surgery patients and provides over 36,000 emergency room visits. RWJUH Hamilton provides a network of comprehensive healthcare services including inpatient care, primary and specialty care, such as heart and vascular care including licensing to perform emergency and elective angioplasties, orthopedics, bariatrics and neurosciences.

Robert Wood Johnson University Hospital Rahway ("RWJUH Rahway") operates a 241 licensed bed acute care facility in Rahway, New Jersey, which cares for approximately 8,000 inpatients and same-day-surgery patients and provides over 36,000 emergency room visits annually. RWJUH Rahway is a regional leader in emergency medicine, cardiology, rehabilitation and ambulatory services, and serves the community with cutting-edge preventive services at two Fitness and Wellness Centers. RWJUH Rahway's campus is home to Care Connection, a 24-bed licensed rehab unit owned by Alaris Health and a Kindred Hospital New Jersey – Rahway, a 34-bed long-term acute care hospital.

Children's Specialized Hospital ("CSH") provides inpatient and outpatient care for children from birth to 21 years of age facing special health challenges from chronic illnesses and complex physical disabilities like brain and spinal cord injuries, and a full scope of developmental, behavioral, and mental health concerns. CSH is comprised of an inpatient facility on the main campus of RWJUH in New Brunswick, is the State's only pediatric rehabilitation hospital, and has 15 outpatient facilities covering an array of medical and therapeutic programs and services. CSH also offers pediatric LTC and respite care services for children with complex medical conditions at locations in Mountainside and Toms River. The LTC facilities are home to many medically fragile children whose families' current circumstances no longer allow them to be cared for in the home or other community setting.

Trinitas Regional Medical Center ("TRMC") operates a 553 licensed bed acute care facility in Elizabeth, New Jersey, which annually cares for over 12,000 inpatients and 318,000 outpatients, including visits to the emergency department and psychiatric health center. In 2022, TRMC joined the System to allow significant investment in facilities, technology and innovation to enhance clinical services. TRMC has "Centers of Excellence" in cardiology, cancer care, behavioral health, maternal/child health, renal care, nursing education, wound healing, diabetes management, sleep medicine, the Connie Dwyer Breast Center at Trinitas, the Trinitas Institute for Dialectical Behavior Therapy, and care for women and seniors. RWJBH Behavioral Health Services offers comprehensive mental health services at TRMC's New Point Campus, one of New Jersey's largest behavioral health centers. **TRMC is not a member of the Obligated Group.**

GOVERNANCE AND MANAGEMENT

Board of Trustees

The System's Board of Trustees (the "Board") currently consists of twenty-one members (each a "Trustee") who are representative of various affiliates, subsidiaries, and communities served by the System. Standing Committees of the Board are: Audit, Compensation, Compliance, Executive, Finance and Operations, Investment, Nominating and Governance, Quality, Strategic Planning/Academic Affairs, and Health Equity, Diversity and Inclusion. These standing committees consist of a Chairperson who is a member of the Board and other Board and non-Board representatives drawing on the expertise of outside community members.

Under the conflict of interest policy adopted by the Board, all Trustees are required to disclose any possible conflicts of interest through an annual questionnaire. Trustees also are required to abstain from voting on transactions involving such conflicts of interest. To ensure that the Board is truly representative of the many communities served by System facilities and programs, the majority of the Board is comprised of members from local hospital boards, all of whom are recognized leaders in their communities.

The following table sets forth the current members (and officers) of the Board, the occupation of each member, and the year in which each member's term expires (each term expires in June of the identified year):

Name	Principal Occupation	Expiry of Current Term
Lester J. Owens, Chair	Retired, Former Senior Executive Vice President, Wells Fargo & Co.	2024
Susan C. Reinhard, Ph.D., Vice Chair	Senior Vice President, AARP Public Policy Institute	2025
Robert L. Barchi, M.D., Ph.D.	Retired, Former President, Rutgers, the State University of New Jersey	2025
Wilfredo Caraballo, JD	Attorney, Gaccione & Pomaco, P.C.	2025
Anne Evans-Estabrook	Owner & CEO, Elberon Development Corporation	2025
John A. Hoffman, Esq.	Of Counsel, Wilentz, Goldman & Spitzer, P.A.	2024
Robert L. Johnson, M.D., FAAP	Dean, Rutgers New Jersey Medical School (Newark)	ex-officio
Mark Manigan	President and CEO, RWJ Barnabas Health, Inc.	ex-officio
Robert E. Margulies, Esq.	Attorney, Schumann Hanlon Margulies LLC	2026
Joseph Mauriello	Retired, Former Partner and Vice Chairman, KPMG LLP	2024
Jack Morris, Founding Chair	President and CEO, Edgewood Properties, Inc.	2024
Amy Murtha, M.D.	Dean, Rutgers Robert Wood Johnson Medical School (New Brunswick)	ex-officio
John Papa	Managing Partner & Proprietor, Willow Edge Advisors, LLC	2026
Victor M. Richel	Chairman, President & CEO, Richel Family Foundation	2024
Kenneth A. Rosen, Esq.	Partner, Kenneth Rosen Advisors, PC	2026
James C. Salwitz, M.D.	Oncologist, Astera Cancer Center	2026
DeForest B. Soaries, Jr., Ph.D.	President, Corporate Community Connections	2024
Paul V. Stahlin	Retired, Regional President, Fulton Bank of NJ	2026
Brian L. Strom, M.D., M.P.H.	Chancellor, Rutgers Biomedical & Health Sciences	ex-officio
James S. Vaccaro	President and CEO, Manasquan Savings Bank	2024
Celeste Warren	Vice President, Human Resources & Global Diversity & Inclusion Center of Excellence, Merck	2025

Executive Management

***Mark E. Manigan** - President and Chief Executive Officer, RWJBH*. Mr. Manigan became President and Chief Executive Officer of RWJBH on January 1, 2023. Previously, he had been appointed President of the System in March, 2022, after successfully serving as Chief Strategy and Business Development Officer since 2019. Mr. Manigan is credited with: the evolution of the System's strategic plan, implementation of the System's new operating model focused on service line integration and regionalization; the dramatic expansion and densification of the organization's ambulatory services platform; and the creation of the System's new mission, vision, values, credo and mantra statements. Prior to joining the system, Mr. Manigan was a New Jersey healthcare attorney at Brach Eichler, LLC where he counseled a wide array of healthcare clients including physician groups, ambulatory care facilities, private equity sponsors, insurance companies, publicly traded companies and prominent health systems – including RWJBH – on complex mergers and acquisitions, consolidation strategies and regulatory matters. Mr. Manigan graduated from Bucknell University and Seton Hall University School of Law.

***John W. Doll** - Senior Executive Vice President and Chief Operating Officer, RWJBH*. Mr. Doll was named Chief Operating Officer of RWJBH in March, 2022. In this role, he oversees the day-to-day operations of the health system – including all hospital and Medical Group operations information technology and quality and legal affairs functions. Prior to his promotion and for over a decade, Mr. Doll guided RWJBH's financial operations through mergers, consolidations, and health crises in such leadership roles as Chief Integration Officer, Chief Financial Officer, and Chief Financial and Administrative Officer. Prior to joining RWJBH in 2010, Mr. Doll held executive positions at a large regional health system and a healthcare information technology and consulting firm. He began his career in Ernst & Young's Healthcare Audit and Consulting practice. Mr. Doll received his degree in Accounting from the University of Delaware and is a certified public accountant.

***Frank Pipas** - Executive Vice President, Chief Financial Officer, RWJBH.* Mr. Pipas serves as the most senior finance executive across the System providing leadership in the achievement of key financial and operational functions including: accounting, financial reporting and external audit, accounts payable, payroll, revenue cycle, treasury, and budgeting. Mr. Pipas joined RWJBH in 2022, after serving as Executive Vice President of Finance for a large regional health system. He first joined that organization in 2002, and served in a number of increasingly responsible financial positions where he led numerous integration strategies for financial functions across that network. In addition to his time there, he held various financial sector positions with Somerset Medical Center (now RWJUH Somerset), Liberty HealthCare System (now JCMC) and he was a Senior Auditor with Ernst & Young. Mr. Pipas holds a Bachelor of Science degree in Accounting from Rutgers University and a New Jersey Certified Public Accountant license.

***Ruric "Andy" Anderson, M.D**. - Executive Vice President, Chief Medical and Quality Officer, RWJBH*. Dr. Anderson first joined the System in 2018 to oversee the clinical activities of the IPA resulting from the partnership between RWJBH and Rutgers. In 2022, Dr. Anderson was appointed Chief Medical and Quality Officer and now is responsible for the advancement of all clinical quality initiatives and patient engagement strategies. Dr. Anderson came to RWJBH from Aurora Health Care in Wisconsin, where he was named Chief Medical Officer in 2015 and was responsible for the strategic direction and operational deployment of critical physician and clinical support functions. Prior to joining Aurora Health Care, Dr. Anderson served in multiple leadership roles during more than 15 years at national health care systems, including Chicago-based North Shore University Health System, the University of Chicago Hospitals, and the Medical College of Wisconsin/Froedtert Health. Dr. Anderson holds a bachelor's degree and medical degree from the University of North Carolina and a Master's degree in business administration from Marquette University.

David A. Mebane, Esq. - *Executive Vice President & General Counsel, RWJBH.* Mr. Mebane, oversees the System's Legal, Corporate Risk/Insurance, and Compliance Departments. He is also the president of the System's captive insurance company. He joined the System 30 years ago and has been integral in the development and growth of RWJBH's Legal Department, Risk/Insurance and Compliance services. Mr. Mebane also started the Legal Department for the former Community-Kimball Health Care System prior to its joining Barnabas Health. He earned his J.D. from the Boston University School of Law and his B.A. from Princeton University. Following law school, he clerked for the Hon. Herman Michels, the Presiding Judge for the New Jersey Superior Court (Appellate Division), and thereafter was in private practice. Mr. Mebane is admitted to practice in New Jersey and New York and is a member of the American Health Lawyers Association and the American Corporate Counsel Association.

Kathleen Jacobs - *Chief Investment Officer, RWJBH.* Ms. Jacobs, joined the System in January, 2024 and is responsible for formulating and articulating a strategic vision for the health system's investment portfolios that is aligned with the organization's mission, goals, and risk tolerance. She is charged with overseeing the System's Long-Term Investment Portfolio, Short Term Capital Reserve Portfolio, Foundation Portfolios and Endowments as well as the System's ERISA Plan Assets, which include employee retirement plans. Ms. Jacobs most recently served as Chief Investment Officer of New York University, where she transformed and institutionalized the University endowment and generated strong investment returns significantly exceeding benchmarks. Prior, Ms. Jacobs was a Managing Director in the Office of Investments at New York-Presbyterian Hospital. Previous to New York-Presbyterian, she was Senior Investor for the Juilliard School's endowment and has held investment roles of increasing responsibility at Goldman Sachs and J.P. Morgan. Ms. Jacobs graduated magna cum laude from Bucknell University with a Bachelor of Science in Business Administration.

Lynda Markoe - *Chief People Officer, RWJBH.* Ms. Markoe, was appointed to her role in January, 2024 and is responsible for leading the human resources function for the System and overseeing the ongoing efforts in the human resources enterprise. Ms. Markoe has more than thirty years of experience in the retail and consumer goods sectors, most recently as EVP, Chief People and Culture Officer of Bed, Bath & Beyond, where she led the human resources function during a time of rapid change and transformation. Prior to joining Bed, Bath & Beyond, Ms. Markoe held human resources roles at national apparel leaders such as J. Crew and Gap, Inc. She graduated from Binghamton University with a Bachelor of Arts in Political Science with a concentration in International Relations.

George Helmy - *Executive Vice President, Chief External Affairs and Policy Officer, RWJBH.* Mr. Helmy, joined the System in September, 2023 to oversee the System's interaction with all federal, state and local governments and governmental agencies and associates. Mr. Helmy's focus is on managing regulatory opportunities and developing and executing cross-divisional governmental relations strategies. He also serves as the President and CEO's senior strategic advisor on political strategy and governmental policy, as well as the System's relationships with key external stakeholders. Mr. Helmy most recently served as Chief of Staff to New Jersey Governor Murphy. In this role, he served as an advisor to the Governor on many aspects of state government operations and policy development. Additionally, he has worked in the private sector with two Fortune 100 companies. Mr. Helmy received his Bachelor of Arts from Rutgers University and Master's degree from Harvard University.

SERVICE AREA

The System and its facilities are located within a state that is recognized as the most densely populated and diverse state in the nation. Within the State, the RWJBH service area is comprised of five million people, which is greater than the entire population of more than 25 states, and approximates the population of Alabama.

While providing services to patients from all 21 counties in New Jersey, the RWJBH service area is concentrated in eight core counties: Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, Somerset, and Union counties in Northern and Central New Jersey. These eight counties account for more than 54.1% of the 2022 estimated population in New Jersey *(U.S. Census Bureau, Table ID B01003, ACS 1-Year Estimates Detailed Tables)*. The table below sets forth market share for inpatients as a whole (excluding newborns).

Inpatient Share
Core Counties*
2022 (All Ages, Excluding Newborns)

County	% RWJBH Market Share
Essex County, NJ	48.1%
Hudson County, NJ	31.6%
Mercer County, NJ	17.8%
Middlesex County, NJ	32.4%
Monmouth County, NJ	20.0%
Ocean County, NJ	44.0%
Somerset County, NJ	50.6%
Union County, NJ	45.0%
8 County Combined	36.5%

Source: State UB04 Inpatient database for NJ accessed through Sg2 database

Inpatients only; Excludes Normal Newborns

Includes outmigration to PA (2022) and NY (2021)

** Core counties are: Hudson, Essex, Union, Middlesex, Mercer, Somerset, Monmouth and Ocean*

The 2022 New Jersey Inpatient Data reveals that RWJBH is the statewide leader across most major service lines, despite facing strong and well-established competitors both in-state and from New York and Philadelphia. RWJBH is also the State's leading provider of tertiary care. In addition, the System leads its competition within its core eight-county service area with more than 36% share of inpatient discharges. The table below compares RWJBH's share of inpatient discharges in its core eight county service area with those of other facilities and systems for key product lines:

2022 Inpatient Market Share
RWJBH Core Counties Only - 8 Counties*
Select Service Lines (All Ages)

DRG_Service Line2	RWJ Barnabas	Hackensack/ Meridian	Atlantic	Penn Medicine	St. Peters University Hospital	AtlantiCare	St. Joseph's Health System	Virtua	Other	Grand Total
Cancer	35.7%	25.7%	8.0%	3.6%	2.7%	0.2%	0.3%	0.1%	23.8%	100.0%
Cardio	36.9%	30.3%	5.2%	3.0%	2.6%	0.4%	0.2%	0.1%	21.3%	100.0%
Gastro	34.6%	30.3%	6.9%	3.6%	4.1%	0.2%	0.2%	0.2%	19.8%	100.0%
General Medicine	36.6%	28.0%	6.1%	3.3%	3.2%	0.3%	0.3%	0.3%	21.9%	100.0%
General Surgery	33.3%	28.2%	8.3%	2.6%	2.3%	0.4%	0.3%	0.5%	24.1%	100.0%
Neuro	33.8%	31.2%	5.8%	3.2%	3.9%	0.4%	0.4%	0.1%	21.3%	100.0%
Ortho	29.5%	27.9%	6.8%	4.3%	1.9%	1.7%	0.4%	0.1%	27.2%	100.0%
Other**	29.8%	22.6%	9.4%	3.9%	2.6%	0.7%	0.8%	0.3%	29.9%	100.0%
Spine	43.1%	12.8%	0.0%	10.2%	0.0%	0.0%	0.0%	1.0%	32.9%	100.0%
Transplant	41.8%	19.7%	6.6%	3.2%	8.8%	0.2%	0.7%	0.3%	18.7%	100.0%
Womens	36.6%	27.2%	5.7%	3.5%	3.2%	0.2%	0.3%	0.2%	23.1%	100.0%
Grand Total	36.5%	26.9%	6.2%	3.4%	3.9%	0.3%	0.4%	0.2%	22.3%	100.0%

Source: State UB04 Inpatient database for NJ accessed through Sg2 database

All Ages; Inpatients only; Excludes Normal Newborns

Includes outmigration to PA (2022) and NY (2021)

** Core counties are: Hudson, Essex, Union, Middlesex, Mercer, Somerset, Monmouth and Ocean*

***Other service line includes all other not listed*

The table below sets forth inpatient market share for System hospitals in their respective primary service area (as defined by zip codes).

Inpatient Share
Hospital Primary Service Area*
2022

Institution	% RWJBH Share
Clara Maass Medical Center	29.7%
Community Medical Center, Inc.	51.7%
Cooperman Barnabas Medical Center, Inc.	32.1%
Jersey City Medical Center, Inc.	47.3%
Monmouth Medical Center, Inc.	24.7%
Monmouth Medical Center Southern Campus	14.8%
Newark Beth Israel Medical Center, Inc.	30.4%
Robert Wood Johnson University Hospital, Inc. (New Brunswick)	35.3%
Robert Wood Johnson University Hospital at Hamilton, Inc.	16.8%
Robert Wood Johnson University Hospital Rahway	23.0%
Robert Wood Johnson University Hospital Somerset	52.9%
Trinitas Regional Medical Center	50.6%

Source: State UB04 Inpatient database for NJ accessed through Sg2 database

Age 18+; Inpatients only; Excludes Normal Newborns

Includes outmigration to PA (2022) and NY (2021)

** Service area based on zip codes*

UTILIZATION AND OPERATING DATA

Licensed Beds

The table below lists the current bed complement and location of RWJBH's acute care and specialty hospitals, including inpatient hospice care services:

Facility	Location	Licensed Beds	
Acute Care Hospitals:			
Newark Beth Israel Medical Center	Newark	653	(1)
Community Medical Center	Toms River	617	(2)
Cooperman Barnabas Medical Center	Livingston	597	
Robert Wood Johnson University Hospital, New Brunswick Campus	New Brunswick	614	(3)
Robert Wood Johnson University Hospital, Somerset Campus	Somerville	339	
Monmouth Medical Center	Long Branch	514	(4)
Monmouth Medical Center, Southern Campus	Lakewood	241	(5)
Clara Maass Medical Center	Belleville	472	
Jersey City Medical Center	Jersey City	352	
Robert Wood Johnson University Hospital Rahway	Rahway	241	
Robert Wood Johnson University Hospital at Hamilton	Hamilton	248	
Trinitas Regional Medical Center	Elizabeth	553	(7)
Total Acute Care Beds		**5,441**	
Transitional Care Beds:			
Children's Specialized Hospital	New Brunswick	158	(6)
Community Medical Center Transitional Care Unit	Toms River	25	(2)
TRMC Hospital-based Long Term Care Facility	Elizabeth	124	(7)
Total Transitional Care Beds		**307**	
Specialty Hospitals:			
The Children's Hospital of NJ at Newark Beth Israel Medical Center	Newark	156	(1)
Barnabas Health Behavioral Health Center	Toms River	100	(5)
The Bristol-Myers Squibb Children's Hospital at Robert Wood Johnson University Hospital	New Brunswick	79	(3)
The Unterberg Children's Hospital at Monmouth Medical Center	Long Branch	70	(4)
Total Specialty Hospital Beds		**405**	

(1) Newark Beth Israel Medical Center is licensed for 653 beds, 156 of which are licensed for Children's Hospital of New Jersey at Newark Beth Israel Medical Center. For presentation purposes, these 156 beds are included in the licensed bed complement for both Newark Beth Israel Medical Center and it's designated Children's Hospital.

(2) For presentation purposes, the 25 Transitional Care beds located at the general acute care hospital are included in the licensed bed complement for Community Medical Center.

(3) Robert Wood Johnson University Hospital is licensed for 614 beds, 79 of which are licensed for The Bristol-Myers Squibb Children's Hospital. For presentation purposes, these 79 beds are included in the licensed bed complement for both Robert Wood Johnson University Hospital and its designated Children's Hospital. Robert Wood Johnson University Hospital has been granted temporary approval from the Department of Health to operate an additional 26 neonatal bassinets not included in the count.

(4) Monmouth Medical Center is licensed for 514 beds, 70 of which are licensed for The Unterberg Children's Hospital at Monmouth Medical Center. For presentation purposes, these 70 beds are included in the licensed bed complement for both Monmouth Medical Center and its designated Children's Hospital.

(5) Monmouth Medical Center, Southern Campus is licensed for 241 beds, 60 of which are psychiatric beds located at Barnabas Health Behavioral Health Center. For presentation purposes, these 60 beds are included in the licensed bed complements of both Monmouth Medical Center, Southern Campus and Barnabas Health Behavioral Health Center.

(6) These licensed beds represent pediatric long term care and rehabilitation beds. Children's Specialized Hospital operates at multiple locations in New Jersey, including the long term care beds in Mountainside and Toms River, New Jersey.

(7) Trinitas Regional Medical Center is licensed for 553 beds, 124 of which are long term and sub acute care. For presentation purposes, these 124 beds are included in the licensed bed complement of Trinitas Regional Medical Center.

Selected Utilization Statistics

The table below sets forth select utilization statistics of the System's acute care hospitals for the years ended December 31, 2023, 2022, and 2021. The select utilization statistics represent those entities currently comprising the System.

	Years ended December 31,		
	2023	**2022**	**2021***
Average daily census	3,113	3,061	3,019
Acute care admissions	210,048	201,488	202,301
Acute care length of stay	5.56	5.66	5.59
Case mix index	1.55	1.56	1.56
Observation cases	104,725	94,416	87,034
Acute care occupancy based on beds in service	71.0%	70.2%	69.1%
Maternity and Obstetric cases	26,567	26,590	26,836
COVID-19 positive admissions	5,453	13,412	14,099
Same day surgery cases	70,645	65,047	65,929
Emergency room visits (excluding ER admissions)	653,056	624,727	577,330
Total surgical volume	103,629	97,034	98,326
Total oncology infusion procedures	129,663	113,607	104,867
Radiation oncology procedures	77,121	70,784	72,355
Cardiac procedures	51,011	48,634	48,384
Total transplant volume	744	618	613

***** *2021 volume statistics include Trinitas Regional Medical Cener for comparison purposes.*

Sources of Patient Service Revenue

The following table sets forth the components of the System's consolidated patient service revenue and related payor mix for each of the years ended December 31, 2023, 2022 and 2021 (dollars in thousands):

	Years ended December 31,		
	2023	2022	2021
	(Unaudited)	(Audited)	(Audited)
Components of Patient Service Revenue:			
Inpatient services	$ 4,095,862	3,723,853	3,363,410
Outpatient services	3,723,902	3,156,455	2,617,069
State of NJ subsidy revenue	121,895	113,601	97,395
Total patient service revenue	**$7,941,659**	**6,993,909**	**6,077,874**
Payor-Mix by Financial Class:			
Medicare	32.4%	33.3%	33.2%
Medicaid	18.9%	17.4%	16.8%
Blue Cross	21.9%	23.5%	24.0%
Commercial and managed care	20.5%	19.7%	19.7%
Self-pay patients and other	4.8%	4.5%	4.7%
State of NJ subsidy revenue	1.5%	1.6%	1.6%
Total	**100%**	**100%**	**100%**

COVID-19 PANDEMIC AND CARES ACT FUNDING

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act provided financial relief under several programs including a funding advance of Medicare payments, deferral of the employer portion of payroll taxes and establishment of the Provider Relief Fund ("PRF"). Under the PRF, the System recognized approximately $48 million for the year ended December 31, 2022. As of December 31, 2022, all relief funds have been recognized as revenue, and the total amount received from the period of 2020 through 2022 was approximately $684 million.

The System also received approximately $556 million in Medicare payment advances under the Medicare Accelerated and Advanced Payment Program. As of December 31, 2022, these payments had been fully recouped.

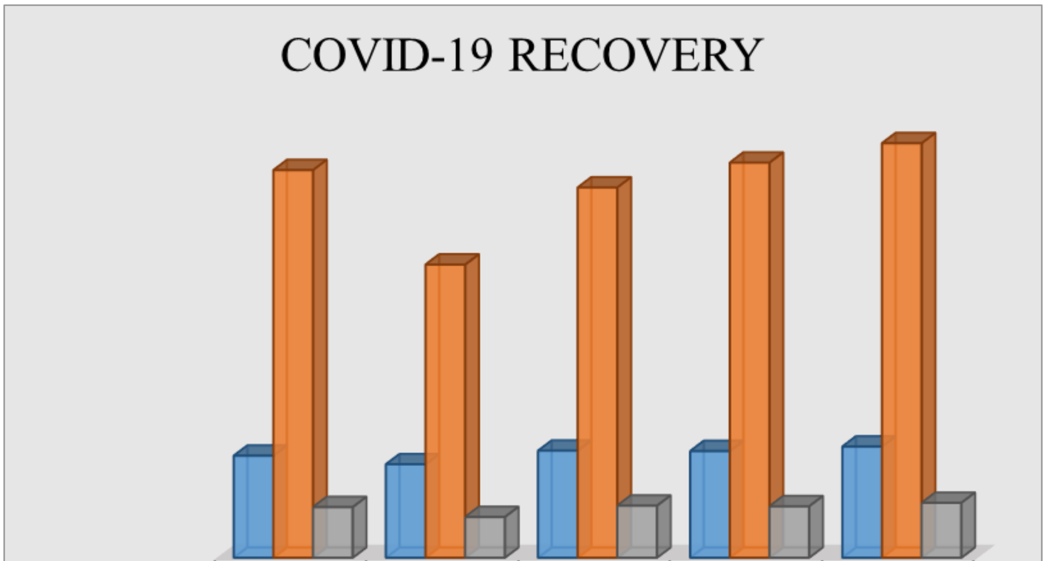
The System elected to defer the deposit and payment of the employer's share of Social Security taxes allowed under the CARES Act, which amounted to approximately $88 million. As of December 31, 2022, these deferred amounts were fully repaid.

The System was also eligible under the CARES Act to receive an employee retention credit ("ERC") against the employer portion of Social Security taxes for certain wages during the early part of the COVID-19 pandemic. During the year ended December 31, 2023 (unaudited), the System recognized approximately $17 million in other revenue under the ERC program.

The System continues to pursue opportunities for additional federal relief funding, including funding from the Federal Emergency Management Agency ("FEMA"). Included in other revenue in the condensed consolidated statements of operations for the years ended December 31, 2023 (unaudited), 2022 and 2021 is $19.9 million, $29.3 million and $93.8 million, respectively, for incremental prior year COVID-19 related costs.

The reduction in COVID-19 transmission rates has had a positive impact on volumes, which have been steadily improving. Admissions, surgical and gross emergency room visits for the year ended December 31, 2023 exceeded prior year volumes by 4.2%, 6.8%, and 4.9%, respectively.

The following table portrays select acute care volumes from prior to the COVID-19 pandemic through 2023, demonstrating the volume recovery since the height of the pandemic in 2020 and the eventual growth from pre-pandemic levels in 2022 and 2023.



	2019	2020	2021	2022	2023
Admissions	192,759	176,565	202,301	201,488	210,048
ER Visits	732,563	553,953	699,684	746,601	783,379
Surgical	95,579	76,814	98,326	97,034	103,629

FINANCIAL INFORMATION

Overview of Condensed Consolidated Financial Information

The following condensed consolidated financial information as of and for the years ended December 31, 2022 and 2021 is derived from the audited consolidated financial statements of the System, which includes all controlled affiliates and subsidiaries. The condensed consolidated information should be read in conjunction with the publically available audited consolidated financial statements and related notes.

The condensed consolidated financial information as of and for the year ended December 31, 2023 is derived from unaudited consolidated financial statements. The unaudited consolidated financial statements include all adjustments which management considers necessary for fair presentation of the consolidated financial position and results of operations and changes in net assets for those periods. The condensed information should be read in conjunction with the unaudited consolidated financial statements and related notes included as an exhibit to this Appendix A.

Unaudited operating results for the year ended December 31, 2023 are not necessarily indicative of the results that may be expected for the audited results for the year ended December 31, 2023.

The Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations information set forth in the tables below reflect the financial position and results of operations of all entities comprising the System for the periods indicated. In addition, certain select financial indicators have also been provided for all periods indicated.

Condensed Consolidated Balance Sheets
(In Thousands)

	Years ended December 31,		
	2023	2022	2021
	(Unaudited)	(Audited)	(Audited)
Cash and investments	$ 4,268,072	4,600,244	5,771,781
Assets limited as to use	557,351	665,883	909,733
Patient accounts receivable	883,795	780,089	678,737
Estimated amounts due from third party payers	302,468	185,029	107,097
Property, plant and equipment, net	4,336,734	3,590,972	2,910,166
Right-of-use asset	315,922	262,886	258,089
Other assets	1,557,454	1,229,523	1,041,892
Total assets	**$12,221,796**	**11,314,626**	**11,677,495**
Accounts payable	$ 667,643	541,871	492,231
Accrued expenses and other current liabilities	1,410,171	1,299,590	1,116,185
Estimated amounts due to third party payers	147,476	150,509	437,624
Long term debt	3,497,079	3,443,867	3,366,403
Lease obligations	342,409	284,616	272,375
Self-insurance liabilities	517,876	482,474	425,180
Accrued pension	55,387	53,326	29,018
Other liabilities	177,703	158,714	149,930
Total liabilities	**6,815,744**	**6,414,967**	**6,288,946**
Net assets	5,406,052	4,899,659	5,388,549
Total liabilities and net assets	**$12,221,796**	**11,314,626**	**11,677,495**
Select Financial Ratios and Other Information:			
Total Unrestricted Cash and Investments*	$ 4,268,072	4,600,244	5,771,781
Days Cash On Hand*	187	224	335
Days In Accounts Receivable	41	41	41
Percentage Of Unrestricted Cash and Investments to Long Term Debt*	122.0%	133.6%	171.5%
Long Term Debt To Capitalization	40.8%	42.8%	39.7%

**Includes Medicare Advance received (net of payback) under the CARES Act of $349 million December 31, 2021.*

Condensed Consolidated Statements of Operations
(In Thousands)

	Years ended December 31,		
	2023	**2022**	**2021**
	(Unaudited)	**(Audited)**	**(Audited)**
Patient service revenue	$ 7,941,659	6,993,909	6,077,874
CARES Act grant revenue	-	48,143	65,110
Other revenue, net	645,700	555,436	483,539
Total operating revenue	**8,587,359**	**7,597,488**	**6,626,523**
Salaries and wages	3,270,096	3,031,080	2,468,791
Physician fees and salaries	1,093,782	950,617	739,895
Employee benefits	660,256	598,017	505,911
Supplies	1,418,051	1,321,661	1,220,247
Other expenses	1,620,768	1,497,484	1,247,553
Interest	102,327	106,486	100,983
Depreciation and amortization	324,334	303,225	271,024
Total operating expenses	**8,489,614**	**7,808,570**	**6,554,404**
Income (loss) from operations before work stoppage costs	97,745	(211,082)	72,119
Work stoppage costs	183,783	-	-
(Loss) income from operations	**(86,038)**	**(211,082)**	**72,119**
Nonoperating revenues (expenses)			
Investment income	484,624	(664,428)	346,699
Contribution received in acquisition	-	264,636	-
Other, net	(926)	11,109	(1,702)
Total nonoperating revenue (expenses)	**483,698**	**(388,683)**	**344,997**
Excess (deficiency) of revenues over expenses	**$ 397,660**	**(599,765)**	**417,116**
Select financial ratios:			
Excluding work stoppage costs:			
Operating EBITDA	$ 524,406	198,629	444,126
Operating EBITDA Margin	6.1%	2.6%	6.7%
Operating Margin	1.1%	-2.8%	1.1%
Excess Margin	6.4%	-8.3%	6.0%
Including work stoppage costs:			
Operating EBITDA	$ 340,623	198,629	444,126
Operating EBITDA Margin	4.0%	2.6%	6.7%
Operating Margin	-1.0%	-2.8%	1.1%
Excess Margin	4.4%	-8.3%	6.0%

Management's Discussion and Analysis of RWJBH's Operating Results

The following section provides information management believes is relevant to understanding the financial position of the System and the related consolidated results from operations as of and for the years ended December 31, 2023 (unaudited), 2022 and 2021. This information should be read in conjunction with the consolidated financial statements and accompanying notes. All dollar amounts in this section are in thousands.

Year Ended December 31, 2023 (unaudited)

Operating results for the year ended December 31, 2023 were negatively impacted by the effect of the RWJUH New Brunswick work stoppage, inflation, and industry-wide staffing challenges. Management continues to be focused on the recovery of operations and improved operating results through various initiatives, including those focused on patient access and additional revenue opportunities through new and enhanced facilities, expanding diversified revenue streams, physician recruitment efforts, and continued revenue cycle initiatives. There is also a continued focus on expense reductions through operational efficiency efforts, program consolidation and supply chain initiatives. The System continues to evaluate and invest in strategic capital needs in relation to operations and technology to facilitate volume recovery and growth and to improve clinical outcomes, patient experience, and operational processes. In addition, RWJBH is making strategic investments in physicians who support key clinical service lines and staff to support the recovery and growth in the physician and ambulatory network, and in various other safety, quality and service initiatives.

For the year ended December 31, 2023, the System's total operating loss and operating margin were $86,038 and -1.0%, respectively, compared to the operating loss and operating margin of $211,082 and -2.8% for the year ended December 31, 2022. Total operating revenues grew by $989,871 or 13.0% compared to the year ended December 31, 2022, while operating expenses increased by $864,827 or 11.1% during the same period. Included in operating expenses are work stoppage costs of $183,783. Income from operations and operating margin before work stoppage costs was $97,745 and 1.1%, respectively.

Overall, patient service revenue of $7,941,659 was higher than prior year by $947,750 or 13.6%. The favorable variance was due to volume increases in inpatient, outpatient and professional billing. Other operating revenue increased due to grant revenue, joint venture revenue, pharmacy sales and net assets released from restriction.

Inpatient service revenue of $4,095,862 (excluding subsidy revenue) was favorable to prior year by $372,009 or 10.0%. The increase was primarily due to inpatient volumes, which were 4.2% higher than prior year due to strong performance in medicine, cardiology, surgical and pulmonary service lines. The System also benefited from increases in Managed care rates, higher Medicaid County Option Hospital Fee program (the "County Option Program") revenue of $75,066 (increase in expenses as well), as well as cost report adjustments, which exceeded prior year by $11,800. The favorable variance was partially offset by lower COVID-19 volumes. The County Option Program also was expanded into two additional counties effective July 1, 2023.

Outpatient service revenue, excluding professional billing revenue, of $2,749,378 was favorable to prior year by $331,740 or 13.7%. The variance was impacted by a 2.9% increase in outpatient volumes. The increase in volume can be correlated to the additional revenue sourced from areas such as emergency room services, observations, and outpatient surgeries. Managed care rate increases also contributed to the positive variance as well as the 340B settlement discussed below. Revenue from ambulatory services was favorable to prior year by $119,017, which was primarily due to infusion services and the consolidation of JAG and On Time.

On November 2, 2023, CMS issued a final rule outlining the remedy for the invalidated outpatient 340B-acquired drug payment policy for the years 2018 through 2022. As a result, CMS indicated a one-time lump sum payment would be made to each 340B covered entity hospital that was underpaid as a result of the final ruling. The System's share of the lump sum payments was $45,816 and has been recognized as patient service revenue in the 2023 statement of operations. These amounts were received in January 2024.

Professional billing revenue of $974,524 was favorable to prior year by $235,707 or 31.9%. The increase in revenue was primarily due to expansion of hospital-based services including Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines. The positive variance in the community-based medical group practices was driven by an increase in work Relative Value Units ("wRVUs") over prior year of 10.6%. Additionally, the academic medical group practices continued to grow under the IPAs.

State subsidy revenue of $121,895, was favorable to prior year by $8,294 or 7.3% primarily due to higher charity care subsidies.

The System recognized CARES Act grant revenue of $48,143 for the year ended December 31, 2022 to help offset the volume shortfalls attributable to COVID-19.

Other operating revenue of $645,700 was favorable to prior year by $90,264 or 16.3%. Other revenue includes income from grants including FEMA, pharmacy sales (offset in expense), earnings from joint venture arrangements, sale of a business, contributions, net assets released from restriction, cafeteria, and parking. Net assets released from restriction were favorable to budget by $18,505 due to distributions of restricted operating funds to the hospitals. Pharmacy sales were favorable to budget by $21,327 mainly due to programs that experienced Medicaid plan changes that increased eligibility for certain patients. Grant revenue was favorable to budget by $12,552 driven primarily by State appropriations, which was partially offset by lower FEMA revenue. Additionally, the System received employer retention credits of $17,000 during 2023. Joint venture arrangements were favorable to budget by $22,424 driven primarily by growth in medical practice joint ventures and ambulatory surgery.

Total operating expenses, for the year ended December 31, 2023, of $8,673,397 were unfavorable to prior year by $864,827 or 11.1% from the year ended December 31, 2022. The increase in operating expenses was driven by increased salaries, physician fees and salaries, supplies, other expenses, and depreciation, many of which were impacted by continued staffing challenges and inflationary pressures. Included in operating expenses were $183,783 of work stoppage costs, net of savings.

Salaries and employee benefits increased by $476,791 or 13.1%, compared to the year ended December 31, 2022. Incremental salary and unemployment costs incurred, net of savings, of $175,536 in connection with the work stoppage at RWJUH was a primary driver of the negative variance. Increased volumes and new physician practices also contributed to the negative variance. The consolidation of JAG and On Time had a negative impact on salaries of $72,219 over the prior year.

Physician fees and salaries increased by $143,165, or 15.1%, compared to the year ended December 31, 2022. The increase was primarily driven by the Anesthesia and Radiology service lines which collectively exceeded prior year by $54,282 The Anesthesia service line has grown since it was first launched in the third quarter of 2022 while the Radiology service line was new in 2023. In addition, variable compensation related to increased wRVU's also contributed to the variance.

Supplies and other expenses increased by $227,921 or 8.1% compared to the year ended December 31, 2022. Supplies were unfavorable to prior year by $96,421. There was a significant spike in COVID-19 cases in January 2022 which temporarily slowed down or paused elective surgical procedures. This drove volumes lower in the first quarter of 2022. Volumes in 2023 have returned to a more normal level, and procedures, such as transplants, have seen significant increases over 2022. Other expenses were unfavorable to prior year by $131,500. This increase is driven by Epic costs, rentals, maintenance contracts and repairs, utilities and insurance. The inclusion of JAG and On Time are also driving the increase. Additionally, expenses related to the County Option Program increased by $26,181 (increase in patient service revenue as well). Other expenses were negatively impacted by work stoppage costs of $8,247.

Interest expense for the year ended December 31, 2023 decreased by $4,159 or 3.9% compared to the year ended December 31, 2022 due to an increase in capitalized interest related to various capital projects and income from interest rate swaps. The decrease was partially offset by additional interest expense related to new finance leases.

Depreciation and amortization for the year ended December 31, 2023 increased by $21,109 or 7.0%, compared to the year ended December 31, 2022. The increase is due to investments in strategic capital projects that were completed in the latter part of 2022. These investments included the Anne Vogel Family Care and Wellness Center, the JCMC Emergency Department expansion, RWJUH expansion and phases of the NBI master facility plan that became operational. Epic also became operational for seven additional affiliates. Additionally, the purchase of JAG and On Time has contributed to the increase.

The System's excess of revenues over expenses and excess margins for the year ended December 31, 2023 was $397,660 and 4.4%, respectively, compared to the deficiency of revenues over expenses and deficiency of margins of $599,765 and -8.3% for the year ended December 31, 2022. Excess of revenues over expenses and excess margin before work stoppage costs was $581,443 and 6.4%, respectively. The excess of revenues over expenses was significantly higher than prior year, driven by investment performance. Net investment income totaled $484,624, compared to net investment losses of $664,428 in 2022. The net investment loss in 2022 was partially offset by the contribution received in acquisition when TRMC and Trinitas Health (collectively, "Trinitas") joined the System, which contribution was $264,636.

The following table presents a summary of nonoperating revenue and expenses of the System for the years ended December 31, 2023 and 2022 (dollars in thousands).

	Years ended December 31,		
	2023		2022
	(Unaudited)		(Audited)
Investment income	$	108,018	94,589
Realized gains on investments		15,733	20,657
Unrealized gains (losses) on investments		360,873	(779,674)
Contribution received in acquisition		-	264,636
Net periodic benefit cost and settlement charge		(12,111)	(19,275)
Interest rate swap valuation changes		2,688	30,395
Break-up fee		-	(30,000)
Gain on equity investment		8,498	32,540
Loss on early extinguishment of debt		-	(2,551)
Total nonoperating revenue (expenses), net	**$**	**483,698**	**(388,683)**

Net investment income and realized net investment gains were $123,751 and $115,246 for the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, the change in net unrealized gains was $360,873. For the year ended December 31, 2022, the unrealized change was a loss of $779,674.

The System entered into various interest rate swap agreements in order to hedge future interest rate exposure on fixed rated bonds. The total notional amount of all swap agreements is $281,960. For the years ended December 31, 2023 and 2022, the aggregate change in the net fair value of the interest rate swap agreements was $2,688 and $30,395, respectively. The impact is consistent with the movement of long-term interest rates over these periods. Swap agreements expose the System to credit risk in the event of noncompliance by the counterparties. To help mitigate that risk, the swaps were structured with three different counterparties. The System believes the risk of any material impact to the consolidated financial statements is low.

In connection with the acquisition of Trinitas, the System legally defeased TRMC bonds, which resulted in a loss on early extinguishment of debt of $2,551 in January 2022.

For the years ended December 31, 2023 and 2022, the System recognized a gain on the sale of equity investment of $8,498 and 32,540, respectively, as a result of the acquisition of a radiology entity and On Time in 2023 and JAG in 2022.

Fundraising

The Foundations (as defined herein) support the programs and services of their affiliated tax-exempt organization and support the capital campaign and other fundraising activities of the System.

The following table presents contributions received by the Foundations and fundraising expenses as well as capital and operating support the foundations provided to the hospitals (dollars in thousands). Conditional gifts are not included until the conditions have been met.

	Years ended December 31,	
	2023	2022
	(Unaudited)	(Audited)
Contributions without donor restrictions	$ 10,990	8,267
Contributions with donor restrictions	88,031	55,227
Total contributions	**$ 99,021**	**63,494**
Fundraising expenses	$ 18,873	19,233
Support to affiliates	$ 83,284	44,028

The Foundations made distributions of $83,284 during 2023 to support operations and capital projects of the System's hospitals, which significantly exceeded prior year. The Foundations recognized a $38,000 gift that was conditioned on breaking ground at the Vogel Medical Center at Tinton Falls. The foundations also received an unconditional $30,000 restricted gift in December 2023 to support the Melchiorre Cancer Center at CBMC. The fair value of this restricted gift was recognized in 2023.

Unrestricted Cash and Investments

The System has total assets of $12.2 billion and $5.4 billion in net assets. Total cash and investments (without donor restrictions) amounted to $4.3 billion (or 186.6 days) at, December 31, 2023, a decrease of $332,172 over the balance at December 31, 2022. The System continues to invest in capital with $920,660 in additions during 2023. During 2023, $192,157 of bond proceeds related to the Series 2021A bonds were reimbursed from the construction fund, which fund has now been fully depleted. The System also made debt service payments of $160,836 which includes principal and interest. The Series 2017A bonds were fully paid in August 2023 in the amount of $6,790. Investments in the ambulatory services division of $280,023 were also executed through December 2023 and includes the purchase of the remaining interest in On Time and University Radiology Group. Net investment income of $484,624 had a positive impact on investments.

Year Ended December 31, 2022

For the year ended December 31, 2022, the System's total operating loss and operating margin were $211,082 and -2.8%, respectively, compared to the operating income and operating margin of $72,119 and 1.1% for the year ended December 31, 2021. Total operating revenues grew by $970,965 or 14.7% compared to the year ended December 31, 2021, while operating expenses increased by $1,254,166 or 19.1% during the same period. Included in total operating revenues is funding under the CARES Act totaling $48,143 and $65,110 for the years ended December 31, 2022 and 2021, respectively.

Overall, patient service revenue of $6,993,909 was higher than prior year by $916,035 or 15.1%. COVID-19 significantly impacted patient service revenue during 2020, and to a lesser extent continues to impact volumes and revenues through December 31, 2022. The favorable variance was partially due to the County Option Program and stronger volumes in outpatient cases.

Inpatient service revenue of $3,723,853 (excluding subsidy revenue) was higher than prior year by $360,443 or 10.7%. For the year ended December 31, 2022, the County Option Program accounted for $158,312 of the increase in inpatient service revenue. The County Option Program is a New Jersey Medicaid project designed to support local hospitals and to ensure that they continue to provide necessary services to low-income residents. The Trinitas acquisition contributed $128,256 to inpatient service revenue. While COVID-19 cases were down from prior year, volumes increased in surgical, medicine and cardiology cases. Additionally, the System benefited from increases in Managed care rates as well as $12,000 of pay for performance bonuses.

Outpatient service revenue, excluding professional billing revenue, of $2,417,638 was higher than prior year by $286,488 or 13.4%. The variance was impacted by a 3.4% increase in outpatient volumes. The System experienced stronger volumes in the higher reimbursed areas of Chemotherapy, Observation, and Emergency Room. The Trinitas transaction contributed $86,363 to outpatient revenue.

Professional billing revenue of $738,817 was higher than prior year by $252,898 or 52.0%. The increase in revenue was primarily due to integration and expansion of the academic physician practices and Rutgers CINJ under the IPA's.

State of NJ subsidy revenue of $113,601 increased from prior year by $16,206 or 16.6%. TRMC subsidy revenue was $41,771. The increase was primarily offset by the decrease in the Quality Improvement Bridge Program, which was designed to support the stability of acute care hospitals after the Delivery System Reform Incentive Payment program ended in June, 2020. For the year ended December 31, 2021, a receipt of $23,713 was recognized under this program related to 2020.

The System recognized CARES Act grant revenue of $48,143 and $65,110 for the years ended December 31, 2022 and 2021 to help offset the volume shortfalls attributable to COVID-19.

Other operating revenue of $555,436 was favorable to prior year by $71,897 or 14.9%. Other revenue includes income from grants, pharmacy sales, earnings from joint venture arrangements, sale of a business, contributions, net assets released from restriction, cafeteria, parking and FEMA grants. Trinitas contributed $42,008 to other revenue. In August, the System sold its outreach testing business to LabCorp for an operating gain of $35,000. Joint venture revenue also exceeded prior year by $8,595 driven primarily by growth in ambulatory surgery and medical practice joint ventures. This increase was offset by grant revenue, which was lower than prior year by $43,292. The decrease was primarily due to FEMA COVID-19 grants. The System recognized $29,253 and $93,817 of FEMA funds for the years ended December 31, 2022 and 2021, respectively.

The increase in operating expenses was driven by increased salaries and benefits, physician fees and salaries, supplies, other expenses, and interest and depreciation, many of which continue to be impacted by the pandemic. Trinitas was additive to operating expenses by $342,264.

For the year ended December 31, 2022, salaries and employee benefits increased by $654,395 or 22.0%, compared to the year ended December 31, 2021. The increase in salaries and employee benefits was due to annual salary increases including investments in information technology and patient experience initiatives, the expansion of the physician network, and the acquisition of Trinitas. In addition, staffing shortages resulting from staff COVID-19 absences and industry wide shortages in certain clinical specialties and other factors have resulted in significant increased labor costs and investments in employee retention programs.

Physician fees and salaries increased by $210,722 or 28.5%, compared to the year ended December 31, 2021. The increase was primarily driven by the IPA's with academic physician practices and CINJ as well as the Trinitas transaction.

Supplies and other expenses increased by $351,345 or 14.2%, compared to the year ended December 31, 2021. The increase was primarily due to higher supply costs, contractual and purchased services and other expenses. Supply costs increased by $101,414. The unfavorable variance was primarily due to the inclusion of Trinitas and the academic physician practices. Additionally, drug usage and costs increased as compared to last year. Adjusted admissions and adjusted patient days were up 1.7% and 3.0%, respectively from prior year. Contractual and purchased services increased by $63,042 driven by the inclusion of Trinitas and the academic physician practices as well legal fees related to acquisitions and Epic costs. The County Option Program's assessment fees contributed $41,996 to the variance. The System also impaired an intangible asset, which had a negative impact of $45,000.

Interest expense for the year ended December 31, 2022 increased by $5,503 or 5.4%, compared to the year ended December 31, 2021 due to the addition of new debt in the latter part of 2021. On September 30, 2021, the System completed an offering of tax-exempt bonds in the aggregate par amount of $751,845. The additional interest from the new debt series was partially offset by the defeasance of the New Jersey Health Care Facilities Financing Authority ("NJHCFFA") Revenue and Refunding Bonds, Barnabas Health Issue, Series 2012A on August 19, 2021.

Depreciation and amortization for the year ended December 31, 2022 increased by $32,201 or 11.9%, compared to the year ended December 31, 2021. The increase was driven by the Trinitas transaction in January 2022 as well as investments in strategic capital projects which were completed in the latter part of 2021. This included several phases of the Emergency department renovation at CMC, the CBMC Emergency department expansion and renovations for NBIMC's surgical unit and parking garages. Significant capital projects completed in 2022 included the JCMC ED Expansion, MMC Monmouth Mall lease fit out, RWJNB Plum St. finance lease and Epic, which went live for certain affiliates of the System.

The System's deficiency of revenues over expenses and deficiency of revenues over expenses margin for the year ended December 31, 2022 were $599,765 and -8.3%, respectively, compared to the excess of revenues over expenses of $417,116 and 6.0% for the year ended December 31, 2021. The excess of revenues over expenses was significantly less than prior year mainly due to investment performance. Net investment losses totaled $664,428, compared to net investment gains of $346,699 in 2021. Nonoperating losses for the year ended December 31, 2022 was partially offset by the contribution received in acquisition of Trinitas of $264,636.

The following table presents a summary of nonoperating revenue and expenses of the System for the years ended December 31, 2022 and 2021 (dollars in thousands).

	Years ended December 31,		
	2022		2021
Investment income	$	94,589	78,505
Realized gains on investments		20,657	279,307
Unrealized losses on investments		(779,674)	(11,113)
Contribution received in acquisition		264,636	-
Net periodic benefit cost and settlement charge		(19,275)	(2,424)
Interest rate swap valuation changes		30,395	1,636
Break-up fee		(30,000)	-
Gain on equity investment		32,540	-
(Loss) gain on early extinguishment of debt		(2,551)	702
Other		-	(1,616)
Total nonoperating (expenses) revenue, net	**$**	**(388,683)**	**344,997**

Net investment income and realized gains were $115,246 and $357,812 for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, net unrealized losses were $779,674 and $11,113, respectively.

The System entered into various interest rate swap agreements in 2020 and 2021 in order to hedge future interest rate exposure on fixed rated bonds. The total notional amount of all swap agreements is $281,960. For the years ended December 31, 2022 and 2021, the aggregate change in the net fair value of the interest rate swap agreements was $30,395 and $1,636, respectively. Swap agreements expose the System to credit risk in the event of noncompliance by the counterparties. To help mitigate that risk, the swaps were structured with three different counterparties. The System believes the risk of any material impact to the consolidated financial statements is low.

As a result of the Trinitas transaction, the System recognized $264,636 of net assets contributed in acquisition. On January 27, 2022, the System legally defeased all of the NJHCFFA Refunding and Revenue Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2016A and all of the outstanding NJHCFFA Refunding Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2017A, in the amount of $72,252. The transaction resulted in a loss on early extinguishment of debt of $2,551.

In March 2022, the Administrative Committee of the Board of Trustees approved a plan to offer a single payment (lump sum), in lieu of the annuity benefit, to former vested employees in the RWJBH Plan with accrued benefits. ASC 715, Compensation – Retirement Benefits, requires settlement accounting when lump sum payments exceed the sum of service cost and interest cost for the plan year. When applying settlement accounting, the plan must recognize a portion of the unrecognized gains or losses as a one-time charge. The portion of the unrecognized gain or loss that is recognized immediately is equal to the percentage of the obligation that is settled. Since the RWJBH Plan's lump sum payments of $49,211 exceeded the 2022 service and interest cost of $31,990, settlement accounting was required for the 2022 plan year. As a result, there was a one-time charge to non-operating expenses of $15,654 in 2022.

The System and Saint Peter's Healthcare System ("SPHCS") had entered into a Definitive Agreement on September 10, 2020 to integrate the two healthcare systems. On June 14, 2022, the System mutually agreed with the leadership of SPHCS to end the proposed transaction. In accordance with the Definitive Agreement, the System incurred a $30,000 break-up fee in connection with the termination of this transaction.

The System recognized a gain on equity investment of $32,540 due to the consolidation of JAG, a physical and occupational therapy company.

Fundraising

The Foundations support the programs and services of their affiliated tax-exempt organization and support the capital campaign and other fundraising activities of the System.

The following table presents contributions received by the foundations as well as capital and operating support the foundations provided to the hospitals. Conditional gifts are not included until the conditions have been met (dollars in thousands).

	Years ended December 31,	
	2022	**2021**
Contributions without donor restrictions	$ 8,267	8,402
Contributions with donor restrictions	55,227	126,931
Total contributions	**$ 63,494**	**135,333**
Fundraising expenses	$ 19,233	16,165
Support to affiliates	$ 44,028	52,578

Unrestricted Cash and Investments

The System's financial position remains strong with $11.3 billion in total assets and $4.9 billion in net assets. Total cash and investments (without donor restrictions) amounted to $4.6 billion (or 223.7 days) at December 31, 2022, a decrease of $822,537 over the balance at December 31, 2021, excluding the Medicare Advance. The Trinitas transaction contributed $321,714 of unrestricted cash and investments. The System continues to invest in capital with $719,851 in additions during 2022. Also, during 2022, $293,310 of bond proceeds related to the Series 2021A bonds were reimbursed from the construction fund. The System also made debt service payments of $260,057 which includes principal and interest and the impact of the defeasance of the TRMC debt. The net investment loss noted above, of $664,428, also had a significant impact. The System made additional investments in joint ventures of $72,974. The acquisition of JAG, net of cash received, cost $73,688.

Summary of Outstanding Debt

The table below illustrates the current outstanding System-wide debt issued under various debt instruments at December 31, 2023, and the anticipated impact on outstanding debt at December 31, 2023, assuming the issuance and application of the proceeds of the Series 2024 Bonds, which may be issued in one or more series as identified in the table and footnotes below (as set forth below, "Series 2024 Bonds" or Series 2024A Bonds", as applicable), all in accordance with the System's plan of finance (the "2024 Financing"). The amounts below do not include any premiums, discounts, or deferred financing costs, which collectively amount to additional unamortized debt of $174,506 at December 31, 2023 (dollars in thousands).

	December 31, 2023 (Unaudited)	2023* proforma for 2024 financing (Unaudited)
NJHCFFA:		
RWJBarnabas Health, Series 2024B[1]	$ -	250,070
RWJBarnabas Health, Series 2024A[1]	-	355,515
RWJBarnabas Health, Series 2021A	714,265	714,265
RWJBarnabas Health, Series 2019A	10,950	10,950
RWJBarnabas Health, Series 2019B-1[2]	69,725	-
RWJBarnabas Health, Series 2019B-2	70,555	70,555
RWJBarnabas Health, Series 2019B-3	70,550	70,550
RWJBarnabas Health, Series 2016A	663,925	663,925
Barnabas Health System, Series 2014A[2]	129,925	-
Robert Wood Johnson University Hospital, Series 2014A[2]	55,925	-
Robert Wood Johnson University Hospital, Series 2013A[2]	93,285	-
Total NJHCFFA	**1,879,105**	**2,135,830**
Taxable/Other Debt:		
RWJBarnabas Health, Series 2024 Taxable Commercial Paper[1]	-	50,000
RWJBarnabas Health, Taxable Revenue Bonds, Series 2019	302,333	302,333
RWJBarnabas Health, Private Placement Taxable Notes	300,000	300,000
RWJBarnabas Health, Taxable Revenue Bonds, Series 2016	494,952	494,952
Barnabas Health System, Taxable Revenue Bonds, Series 2012	81,240	81,240
Reduction in Outstanding Taxable Debt[3]	-	(330,000)
Finance Leases	263,376	263,376
Notes Payable	1,567	1,567
Total Taxable Other Debt	**1,443,468**	**1,163,468**
Total Outstanding Debt	**$ 3,322,573**	**3,299,298**

* Preliminary and subject to change.

[1] The Parent continues to evaluate the appropriate size and form of the Series 2024A, Series 2024B, and Series 2024 Taxable Commercial Paper transactions. The Series 2024A Bonds, Series 2024B Bonds, and Series 2024 Taxable Commercial Paper transactions, if and when issued, would be issued under separate financing documents and offered pursuant to separate offering documents. No assurance is given that the Series 2024A Bonds, Series 2024B Bonds, or Series 2024 Taxable Commercial Paper will be issued, or what form they may take.

[2] Assumes Robert Wood Johnson University Hospital, Series 2013A Bonds, Robert Wood Johnson University Hospital, Series 2014A Bonds, Barnabas Health System, Series 2014A Bonds, and RWJBarnabas Health, Series 2019B-1 Bonds are refunded as part of the 2024 Financing.

[3] The Parent is considering refundings, refinancings, and defeasances of select series of taxable debt. As of the date of this document, a determination around which components of the outstanding taxable debt portfolio to address has not yet been made.

Capitalization

The following table sets forth the System's historical capitalization ratios as of December 31, 2023, 2022 and 2021, and the pro forma capitalization ratio as of December 31, 2023 assuming the issuance of the Series 2024 Bonds.

Capitalization
(In Thousands)

	Years ended December 31,			
	2021	2022	2023	2023* proforma for 2024 financing
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Long Term Debt:				
Pro Forma 2024 Financing [1]	$ -	-	-	684,955
Existing [2]	3,366,403	3,443,867	3,497,079	2,818,219
Total	**$ 3,366,403**	**3,443,867**	**3,497,079**	**3,503,174**
Net Assets without donor restrictions	5,118,887	4,609,662	5,069,808	5,069,808
Total Capitalization	**$ 8,485,290**	**8,053,529**	**8,566,887**	**8,572,982**
Percentage of Long Term Debt to Capitalization	**39.7%**	**42.8%**	**40.8%**	**40.9%**

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* Preliminary and subject to change.

[1] The 2024 financing includes $685.0 million representing $691.1 million in proceeds less deferred financing costs relating to the financing of $6.1 million. The Parent continues to evaluate the appropriate size and form of the 2024 Financing. The 2024 Financing, if and when issued, would be issued under separate financing documents and offered pursuant to separate offering documents. No assurance is given that any component of the 2024 Financing will be issued, or what form they may take.

[2] Assumes Robert Wood Johnson University Hospital, Series 2013A Bonds, Robert Wood Johnson University Hospital, Series 2014A Bonds, Barnabas Health System, Series 2014A Bonds, and RWJBarnabas Health, Series 2019B-1 Bonds are refunded as part of the 2024 Financing. The Parent is considering refundings, refinancings, and defeasances of select series of taxable debt. As of the date of this document, a determination around which components of the outstanding taxable debt portfolio to address has not yet been made.

Coverage of Debt Service

The following table sets forth the System's historic debt service coverage ratio for the three years ended December 31, 2021, 2022 and 2023 and pro forma debt service coverage ratio for the year ended December 31, 2023, inclusive of the impact of the issuance of the Series 2024 Bonds, calculated pursuant to the Master Indenture.

Debt Service Coverage Ratio
(In Thousands)

	Years ended December 31,			
	2021	**2022**	**2023**	**2023* proforma for 2024 financing**
	(Audited)	**(Audited)**	**(Unaudited)**	**(Unaudited)**
Funds Available for Debt Service:				
Excess (deficiency) of revenue over expenses	$ 417,116	(599,765)	397,660	397,660
Plus: Interest	100,983	106,486	102,327	102,327
Plus: Depreciation and amortization	271,024	303,225	324,334	324,334
Plus: Work stoppage costs	-	-	183,783	183,783
Less: Contribution received in acquisition	-	(264,636)	-	-
Plus (less): Unrealized losses (gains) on investments	11,113	779,674	(360,873)	(360,873)
Less: Other items	(4,570)	(6,365)	(11,844)	(11,844)
Total Funds Available for Debt Service	**$795,666**	**318,619**	**635,387**	**635,387**
Maximum Annual Debt Service [1]	$ 181,949	190,287	188,775	195,000
Debt Service Coverage Ratio	**4.37x**	**1.67x**	**3.37x**	**3.26x**

*Preliminary and subject to change.

[1] Proforma Maximum Annual Debt Service includes impact of Series 2024 Financing. The Parent continues to evaluate the appropriate size and form of the 2024 Financing. The 2024 Financing, if and when issued, would be issued under separate financing documents and offered pursuant to separate offering documents. No assurance is given that any component of the 2024 Financing will be issued, or what form they may take.

Debt to EBITDA

The following table sets forth the System's historical debt to EBITDA (as defined in the table below) ratio for the year ended December 31, 2023 and the pro forma debt to EBITDA ratio for the year ended December 31, 2023 assuming the issuance of the Series 2024 Bonds.

Debt to EBITDA
(In Thousands)

	Years ended December 31,				
		2021	2022	2023	2023* proforma for 2024 financing
		(Audited)	(Audited)	(Unaudited)	
Long Term Debt:					
Pro Forma 2024 Financing [1]	$	-	-	-	684,955
Existing [2]		3,366,403	3,443,867	3,497,079	2,818,219
Total Long Term Debt	**$**	**3,366,403**	**3,443,867**	**3,497,079**	**3,503,174**
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA):					
Excess (deficiency) of revenue over expenses	$	417,116	(599,765)	397,660	397,660
Plus: Interest		100,983	106,486	102,327	102,327
Plus: Depreciation and amortization		271,024	303,225	324,334	324,334
Plus: Work stoppage costs		-	-	183,783	183,783
Plus (less): Unrealized losses (gains) on investments		11,113	779,674	(360,873)	(360,873)
Total EBITDA	**$**	**800,236**	**589,620**	**647,231**	**647,231**
Debt to EBITDA		**4.21x**	**5.84x**	**5.40x**	**5.41x**

* Preliminary and subject to change.

[1] The 2024 Financing includes $685.0 million representing $691.1 million in proceeds less deferred financing costs relating to the financing of $6.1 million. The Parent continues to evaluate the appropriate size and form of the 2024 Financing. The 2024 Financing, if and when issued, would be issued under separate financing documents and offered pursuant to separate offering documents. No assurance is given that any component of the 2024 Financing will be issued, or what form they may take.

[2] Assumes Robert Wood Johnson University Hospital, Series 2013A Bonds, Robert Wood Johnson University Hospital, Series 2014A Bonds, Barnabas Health System, Series 2014A Bonds, and RWJBarnabas Health, Series 2019B-1 Bonds are refunded as part of the 2024 Financing. The Parent is considering refundings, refinancings, and defeasances of select series of taxable debt. As of the date of this document, a determination around which components of the outstanding taxable debt portfolio to address has not yet been made.

Investment Management

The Investment Committee of the Board approves the System's Investment Policy Statement ("IPS") and delegates management of the Unrestricted Cash and Investments ("UCI") to Senior Management. The IPS establishes the UCI objectives and guidelines including those related to strategic asset allocation, manager due diligence and selection and risk management. Management is responsible for the tactical asset allocation of the UCI within the constraints of the IPS. Since 2020, the UCI has been managed in two pools, (i) the Capital Reserve Portfolio ("CRF") and (ii) the Long-Term Investment Portfolio ("LTIP"). The CRF supports the System's operational and financial strategy over a rolling 12-18 month period through an enhanced cash strategy with the objective to preserve principal while generating additional yield over the traditional prime money market rate. The LTIP seeks to maximize risk adjusted returns to support the System's longer term strategic initiatives and overall mission while maintaining prudent levels of liquidity for compliance with financial covenants and credit agreements of the System. A policy benchmark for the LTIP approved by the Investment Committee is used to measure and monitor the portfolio's risk and return. Assets are managed by external investment managers. The Investment Committee monitors both the portfolios' performance and compliance to the IPS. As of December 31, 2023, 78% of the UCI assets have daily liquidity. All investment processes adhere to the IPS. As of December 31, 2023 and as set forth in the table below, total unrestricted cash and investments totaled approximately $4.3 billion.

Unrestricted Cash and Investments
(In Thousands)

	December 31, 2023 (Unaudited)	
Cash and cash equivalents*	$	423,474
Equity		1,366,151
Fixed Income		1,389,502
Alternatives		1,088,945
Total UCI	$	4,268,072

** Includes cash for working capital*

Retirement Plans

The System maintains various qualified and non-qualified defined contribution retirement plans, most notably a 401(k) and a 403(b) plan, covering the majority of the System employees, administered by primarily by Fidelity and a subset by MetLife. The 401(k) and 403(b) are qualified plans under the Internal Revenue Code and are subject to the Employee Retirement Income Security Act ("ERISA"). The 457(b) non-qualified plans are also administered by Fidelity.

The System maintains one frozen defined benefit plan that covers a specified group of employees. It is frozen to new members. This plan is subject to ERISA and is being funded in accordance with regulatory requirements. The System utilizes an actively managed liability matching strategy ("LDI") with the primary objective of providing a source of retirement income for its participants and beneficiaries. As of December 31, 2023, the plan has a funded status of 93%. The IPS establishes the LDI de-risking strategy objectives as well as the asset allocation levels where 85% of assets are dedicated to the LDI strategy and 15% to alternative investments. The alternative sleeve is implemented to achieve additional alpha and to cover plan administrative expenses. Since implementation and subsequent merging in of other frozen defined benefits plans, the strategy has achieved its objective of stabilizing and increasing the funded status of the plan and is on the pathway to achieving the System's ultimate goal of terminating the plan.

Future Capital Plans

System capital spending, as a percentage of depreciation, was 284%, 237%, and 226% for the years ended December 31, 2023, 2022 and 2021, respectively. The System has established a robust capital budgeting and approval process that ensures dollars are allocated to routine capital spending as well as strategic initiatives. Larger projects are reviewed to ensure appropriate return on investment and strategic value before being approved, and long-term capital plans are considered in establishing funding for routine projects. Management believes that cash flows from operations, philanthropic efforts and potential debt financing will meet future capital needs.

Fundraising

Fundraising for RWJBH is organized through a team comprised of relationship-driven staff at local affiliates and a group of centralized subject-matter experts that effectively support other required services and strategies at each of the affiliates.

Several of the System's affiliates are in the process of conducting capital campaigns supporting capital and programmatic efforts as noted below:

- CBMC is entering the final Phase of its capital campaign, having increased its working goal to $300 million. CBMC has raised $255 million to date, with the support of an active board and the recent addition of a 'young professionals' group that is helping to identify and nurture new leaders. CBMC concluded 2023 with a new commitment of $30 million that will be recognized through the naming of its new cancer center.

- The donor who committed $50 million to MMC Main in 2020 increased that gift by an additional $10 million in 2022, and MMC has continued to secure additional million-dollar gifts from other supporters each year. MMC has increased its capital campaign expectations to a new working goal of $150 million, having raised a total of $91 million through December 31, 2023.

- Additionally, over the past twenty-four months RWJUH New Brunswick received a $10 million bequest and a $30 million commitment from a generous board member, indicative of the growth in capabilities and capacity of System hospitals, especially as a hub of cancer and pediatric activity for RWJBH.

As noted above, these gifts have been secured in partnership with local leaders, with over $300 million in new pledges and gifts realized over the past three years.

OTHER INFORMATION

Cybersecurity

The System has a formal information security program that includes IT Risk Management and Cyber Security. The programs are based on the National Institute of Standard and Technology (NIST) Risk Management and Cyber Security frameworks. Investments are made to focus on implementation of the NIST Cyber Security framework with focus on Protect, Detect, and Respond to achieve Zero Trust Architecture and mature controls to build cyber resilience. Routine cyber exercises are conducted to assess, improve and mature the capabilities.

Program oversight is managed through monthly Cyber Security Oversight Committee reviews and reports to the System's Audit Committee on a semi-annual basis.

Some of the security programs in place include, but are not limited to, security awareness and education, strong identity and access controls, perimeter security, endpoint detection and response, threat detection, assessment and management, and vendor risk management. Additionally, RWJBH maintains cyber security insurance with insurers that are A-rated or better.

The System has continuous monitoring for cyber threats and attacks, tools are in place to detect, alert and block threats for endpoint security, email security, web security and Distributed Denial of Services protection.

The System engages partners to conduct assessment and testing of the controls and identify areas of opportunities for improvements. As partners identify such areas for improvement, plans are developed to implement the recommendations.

Enterprise Risk Management

The System's Enterprise Risk Management Program ("ERM Program") is based on multiple frameworks to identify and mitigate organizational risks. The ERM Program evaluates key risks that are systematically identified and managed following enterprise risk management principles across multiple areas, facilitating regulatory compliance and achievement of business objectives. The ERM Program seeks to identify, manage and monitor risks that could most significantly impact the System including but not limited to, cybersecurity and system availability, financial risks, operations (including supply chain disruptions), provider engagement, quality, patient experience and reputation, legal and regulatory compliance, research, employee and workforce maters.

The ERM Program is led by the Executive Vice President for Compliance and Audit, with significant input from System's senior management and leadership team. The ERM Program is also aligned with RWJBH's internal audit plan, providing the Audit and Compliance Committees of the RWJBH board transparency as to management's risk management activities. The ERM Program also identifies members of the management team with responsibility for managing key enterprise risks and the respective board or board committee with oversight for key risk areas.

Licenses and Accreditations

Each of RWJBH's acute care hospitals and ambulatory care facilities is accredited by The Joint Commission (with the exception of JCMC, which is accredited by Det Norske Veritas), appropriately certified for Medicare and Medicaid reimbursement and licensed by the New Jersey Department of Health. The licensed ambulatory care facilities are licensed by applicable state licensing agencies and appropriately certified for Medicare and Medicaid reimbursement.

Litigation

In the opinion of Management, there is no litigation pending or threatened against any Member of the Obligated Group or any other System affiliate that would materially adversely affect the Obligated Group's ability to meet its obligations with respect to the Series 2024 Bonds in the event of an adverse result. Claims for professional liability, general liability, discrimination, and/or wrongful termination against the members of the Obligated Group and other System Affiliates are covered by the System Health Self Insurance Program and by commercial excess insurance.

Staffing and Labor Action

The System is challenged by the industry wide shortages in certain clinical specialties and other factors that have resulted in increased labor costs and investments in employee retention and other programs. The demand for healthcare in the State and across the country continues to increase. Nurses continue to be in high demand and in short supply. RWJBH has implemented a refinement to internal hiring processes to expedite its ability to acquire top nursing talent and stabilize the workforce. The System has instituted nurse retention programs that focus on professional development through enhanced tuition assistance programs, implemented more flexible work schedules to provide work/life balance, and provided retention and sign-on bonuses to address the staffing needs. These refinements further advance the competitiveness of the total compensation package following significant market adjustments in 2022. The

System's strategy is to remain top tier in a competitive compensation market and to remain at the forefront of the communities it serves.

Early in 2023, RWJUH New Brunswick began negotiations with representatives from the United Steel Workers Local 4-200 ("USW"), which represents approximately 1,700 nurses. After a series of negotiating sessions between the hospital and the USW, a Memorandum of Agreement was reached and put to a membership vote on July 20, 2023. On July 21, 2023, the union membership rejected the contract which had been agreed to, and recommended by, its union leadership. As a precaution, RWJUH New Brunswick had been concurrently planning a strike contingency plan designed to ensure uninterrupted operations for the facility, including the recruitment of more than 1,000 replacement nurses in the event the hospital was issued a strike notice. The USW nurses elected to strike the morning of August 4, 2023. Despite the strike, staffing levels throughout the hospital were appropriately maintained across all units and all shifts when considering both patient volume and acuity.

On December 15, 2023, the union ratified a new, three-year collective bargaining contract, ending the strike. In early January 2024, the RWJUH New Brunswick nurses were reintegrated into the work force without interruption to patient care. Incremental costs incurred, net of savings, were $183,783 through December 31, 2023.

The System has also successfully concluded negotiations with the registered nurses at CBMC, represented by the New Jersey Nurses Union CWA Local 1091, without work stoppages. The current contract expires in November 2026.

Insurance

The System has an offshore insurance company: Commercial Professional Insurance Company, Ltd. ("CPIC"), which commenced operation in Bermuda in 1997. CPIC is not a Member of the Obligated Group. CPIC plans to provide the first layer of self-insurance retention limits for various exposures including professional liability, general liability, directors and officer's liability, auto liability and employer's practices liability programs as part of an overall strategy of controlling insurance cost. CPIC also provides excess insurance for professional liability, general liability and auto liability, which excess insurance is reinsured by commercial carriers.

RWJBH also self-insures the first layer of its workers compensation exposure and maintains commercial insurance with various limits and deductibles, including property, workers compensation and automobile insurance, and various bonds for operations.

RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements

December 31, 2023 (unaudited) and 2022

RWJ BARNABAS HEALTH, INC.

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RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

December 31, 2023 and 2022

(In thousands)

Assets		**2023** (Unaudited)	**2022** (Audited)
Current assets:			
Cash and cash equivalents	$	177,312	267,525
Short-term investments		543,380	434,257
Assets limited or restricted as to use		97,016	98,259
Patient accounts receivable		883,795	780,089
Estimated amounts due from third-party payors		302,468	185,029
Other current assets		314,575	309,288
Total current assets		2,318,546	2,074,447
Assets limited or restricted as to use, noncurrent portion		460,335	567,624
Investments		3,547,380	3,898,462
Property, plant, and equipment, net		4,336,734	3,590,972
Right-of-use assets		315,922	262,886
Other assets, net		1,242,879	920,235
Total assets	$	12,221,796	11,314,626
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$	667,643	541,871
Accrued expenses and other current liabilities		1,410,171	1,299,590
Estimated amounts due to third-party payors		22,384	18,306
Long-term debt		51,314	42,948
Lease obligations		52,731	47,693
Self-insurance liabilities		114,303	124,039
Total current liabilities		2,318,546	2,074,447
Estimated amounts due to third-party payors, net of current portion		125,092	132,203
Self-insurance liabilities, net of current portion		403,573	358,435
Long-term debt, net of current portion		3,445,765	3,400,919
Lease obligations, net of current portion		289,678	236,923
Accrued pension liability		55,387	53,326
Other liabilities		177,703	158,714
Total liabilities		6,815,744	6,414,967
Net assets:			
Without donor restrictions:			
Controlling interest		5,034,583	4,583,671
Noncontrolling interest		35,225	25,991
Total net assets without donor restrictions		5,069,808	4,609,662
With donor restrictions		336,244	289,997
Total net assets		5,406,052	4,899,659
Total liabilities and net assets	$	12,221,796	11,314,626

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Operations

Years ended December 31, 2023 and 2022

(In thousands)

		2023 (Unaudited)	2022 (Audited)
Revenue:			
Patient service revenue	$	7,941,659	6,993,909
CARES Act grant revenue		—	48,143
Other revenue, net		645,700	555,436
Total revenue		8,587,359	7,597,488
Expenses:			
Salaries and wages		3,270,096	3,031,080
Physician fees and salaries		1,093,782	950,617
Employee benefits		660,256	598,017
Supplies		1,418,051	1,321,661
Other		1,620,768	1,497,484
Interest		102,327	106,486
Depreciation and amortization		324,334	303,225
Total expenses		8,489,614	7,808,570
Income (loss) from operations before work stoppage costs		97,745	(211,082)
Work stoppage costs		183,783	—
Loss from operations		(86,038)	(211,082)
Nonoperating revenue (expenses):			
Investment income (loss), net		484,624	(664,428)
Contribution received in acquisition		—	264,636
Other, net		(926)	11,109
Total nonoperating revenue (expenses), net		483,698	(388,683)
Excess (deficiency) of revenue over expenses		397,660	(599,765)
Other changes:			
Pension changes other than net periodic benefit cost		50	(5,033)
Net assets released from restriction for purchases of property and equipment		34,317	49,725
Other, net		28,119	45,848
Increase (decrease) in net assets without donor restrictions	$	460,146	(509,225)

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2023 and 2022

(In thousands)

(Unaudited)

		Controlling interest	Noncontrolling interest	Without donor restrictions	With donor restrictions	Total net assets
Net assets at December 31, 2021	$	5,118,766	121	5,118,887	269,662	5,388,549
Changes in net assets:						
(Deficiency) excess of revenue over expenses		(600,231)	466	(599,765)	—	(599,765)
Contribution received in acquisition		—	—	—	12,019	12,019
Pension changes other than net periodic benefit cost		(5,033)	—	(5,033)	—	(5,033)
Change in interest in restricted net assets of unconsolidated foundation		—	—	—	7,042	7,042
Net assets released from restriction		49,725	—	49,725	(53,223)	(3,498)
Restricted contributions		—	—	—	55,188	55,188
Investment loss on restricted investments, net		—	—	—	(631)	(631)
Acquisition of noncontrolling interest		—	25,742	25,742	—	25,742
Distributions from noncontrolling interest		—	(338)	(338)	—	(338)
Other		20,444	—	20,444	(60)	20,384
Change in net assets		(535,095)	25,870	(509,225)	20,335	(488,890)
Net assets at December 31, 2022		4,583,671	25,991	4,609,662	289,997	4,899,659
Changes in net assets:						
Excess of revenue over expenses		395,869	1,791	397,660	—	397,660
Pension changes other than net periodic benefit cost		50	—	50	—	50
Change in interest in restricted net assets of unconsolidated foundation		—	—	—	(2,275)	(2,275)
Net assets released from restriction		34,317		34,317	(56,733)	(22,416)
Restricted contributions		—	—	—	105,306	105,306
Investment loss on restricted investments, net		—	—	—	1,050	1,050
Contributions from noncontrolling interest		—	8,100	8,100	—	8,100
Distributions to noncontrolling interest		—	(657)	(657)	—	(657)
Other		20,676	—	20,676	(1,101)	19,575
Change in net assets		450,912	9,234	460,146	46,247	506,393
Net assets at December 31, 2023	$	5,034,583	35,225	5,069,808	336,244	5,406,052

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2023 and 2022

(In thousands)

	2023 (Unaudited)	2022 (Audited)
Cash flows from operating activities:		
Change in net assets	$ 506,393	(488,890)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution received in acquisitions	—	(276,655)
Acquisition of noncontrolling interest	—	(25,742)
Pension changes other than net periodic benefit cost	(50)	5,033
Depreciation and amortization expense	324,334	303,225
Amortization of bond financing costs, premiums, and discounts	(11,586)	(12,019)
Net change in unrealized (gains) losses on investments	(360,873)	779,674
Realized gains on investments	(15,733)	(20,657)
Unrealized gain on interest rate swaps	(2,688)	(30,395)
Equity in income of joint ventures	(115,415)	(92,991)
Distributions received from investments in joint ventures	88,304	77,623
Contributions from noncontrolling interests	(8,100)	—
Distributions to noncontrolling interests	657	338
Impairment of intangible asset	—	45,000
Gain on sale of assets	(657)	(1,635)
Gain on acquisition of subsidiary	(8,498)	(32,540)
Contributions restricted for long-term use	(45,897)	(29,580)
Loss on early extinguishment of debt, net	—	2,551
Changes in operating assets and liabilities:		
Patient accounts receivable	(95,590)	(61,961)
Reduction in the carrying amount in the right-of-use assets	65,300	56,576
Other assets	(18,281)	78,717
Accounts payable, accrued expenses, and other current liabilities	196,580	149,146
Estimated amounts due from and to third-party payors	(120,472)	(440,540)
Accrued pension liability	2,111	19,275
Lease obligation, self-insurance, and other long-term liabilities	(8,051)	(23,565)
Net cash provided by (used in) operating activities	371,788	(20,012)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(920,660)	(719,851)
Purchases of investments	(9,563,893)	(9,711,346)
Proceeds from the sale of investments	10,116,301	10,399,895
Investment in equity method and cost method joint ventures	(229,282)	(72,974)
Cash (paid) received in acquisition of subsidiaries, net	(50,741)	94,215
Proceeds from sale of assets	1,116	2,164
Net cash used in investing activities	(647,159)	(7,897)
Cash flows from financing activities:		
Repayments of long-term debt	(49,762)	(160,216)
Contributions from noncontrolling interests	8,100	—
Distributions to noncontrolling interests	(657)	(338)
Proceeds from contributions restricted for long-term use	45,897	29,580
Proceeds from conditional grants and contributions for long-term use	6,891	4,778
Net cash provided by (used in) financing activities	10,469	(126,196)
Net decrease in cash and cash equivalents	(264,902)	(154,105)
Cash, cash equivalents, and restricted cash at beginning of year	522,888	676,993
Cash, cash equivalents, and restricted cash at end of year	$ 257,986	522,888
Cash and cash equivalents	$ 177,312	267,525
Restricted cash included in assets limited or restricted as to use	80,674	255,363
Total cash, cash equivalents, and restricted cash	$ 257,986	522,888
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 111,074	99,841
Finance lease obligations incurred	112,710	129,243
Supplemental disclosures of noncash investing and financing activities:		
Change in noncash acquisitions of property, plant, and equipment	$ 27,130	18,615

See accompanying notes to consolidated financial statements.

(1) Organization

RWJ Barnabas Health, Inc. (the Corporation) is a not-for-profit, tax-exempt corporation located in West Orange, New Jersey. RWJ Barnabas Health, Inc. is the sole corporate member or sole shareholder of the Corporation's affiliated organizations. The Corporation was organized to develop and operate a multihospital healthcare system providing a comprehensive spectrum of healthcare services, principally to the residents of New Jersey and surrounding areas.

The services and facilities of the Corporation include 12 acute care hospitals, (including an academic medical center), 3 acute care children's hospitals, a pediatric rehabilitation hospital with a network of outpatient centers, a freestanding 100-bed behavioral health center, two trauma centers, a satellite emergency department, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness centers, physical therapy services, retail pharmacy services, medical groups, multi-site imaging centers, an accountable care organization, a burn treatment facility, comprehensive cancer services, breast centers, and comprehensive cardiac surgery services, including a heart transplant center, a lung transplant center, and kidney transplant centers.

Trinitas Regional Medical Center Acquisition

The Corporation, Trinitas Regional Medical Center (Trinitas) and Trinitas Health (TH) closed on an affiliation transaction, effective January 1, 2022 (Trinitas Acquisition Date), whereby the Corporation has replaced TH as the sole member of Trinitas. TH merged with, and into Trinitas, with Trinitas as the surviving merger entity. Trinitas is a 554 bed, Catholic, acute care teaching hospital, headquartered in Elizabeth, New Jersey. Under the terms of the Definitive Agreement, dated November 11, 2020, the role of Trinitas as a full service, Catholic provider of acute healthcare services for the eastern Union County community will be enhanced. Together, both organizations will be able to increase access to high-quality healthcare in the northern and central New Jersey regions, and expand outreach to underserved communities. This includes a specific focus on cardiac care, oncology, emergency services, renal care/dialysis, women's health and wound care, as well as behavioral health services and others.

No cash consideration was exchanged at the closing of the transaction. The Corporation accounted for this business combination by applying the acquisition method, consistent with Financial Accounting Standards Codification (ASC) Topic 954-805 Health Care Entities Business Combinations (Topic 954-805), and accordingly, the inherent contribution received was valued as the excess of the fair value of the assets acquired over the fair value of the liabilities assumed. The results of Trinitas' operations have been included in the consolidated financial statements commencing on the Trinitas Acquisition Date.

(In thousands)

The estimated fair value of the assets acquired and liabilities assumed as of the Trinitas Acquisition Date is as follows:

		January 1, 2022
Current assets	$	196,174
Noncurrent assets (including property, plant and equipment)		322,915
Total assets acquired		519,089
Current liabilities		84,160
Noncurrent liabilities		158,274
Total liabilities assumed		242,434
Contribution received in acquisition	$	276,655
Net assets:		
Without donor restrictions	$	264,636
With donor restrictions		12,019
Total net assets	$	276,655

JAG-ONE Acquisition

On July 1, 2022 (JAG-ONE Acquisition Date), the Corporation acquired an additional 33.55% voting interest in JAG-ONE, a comprehensive outpatient physical and occupational therapy company which provides rehabilitative care, for a purchase price of $73,688. Upon completion of the transaction, the Corporation owned 86.19% of JAG-ONE and obtained operational control. As the controlling interest in the joint venture was obtained in the transaction, the Corporation accounted for this as a business combination under the acquisition method, consistent with ASC Topic 954-805. The fair value of the noncontrolling interest and the previously held equity interest in JAG-ONE was estimated by applying the income approach and market approach. The goodwill of $206,044 arising from the transaction relates to the estimated future economic benefits associated with assembled workforce as well as synergies and cost reductions expected to be achieved. The Corporation also recognized an intangible asset related to the JAG-ONE trade name of $13,813. The goodwill and intangible asset are included in other noncurrent assets, net in the consolidated balance sheets.

(In thousands)

The following table summarizes the consideration paid for the acquisition and the estimated fair value of the assets acquired and liabilities assumed, the fair value of previously held equity interest, as well as the fair value of the noncontrolling interest at the JAG-ONE Acquisition Date:

		July 1, 2022
Cash consideration	$	73,688
Fair value of equity interest before the business combination		86,970
Fair value of consideration	$	160,658
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Current assets	$	17,984
Noncurrent assets		46,826
Current liabilities		(21,290)
Noncurrent liabilities		(76,977)
Total identifiable net liabilities assumed		(33,457)
Goodwill and intangible assets		219,857
Fair value of noncontrolling interest		(25,742)
Total	$	160,658

Included in the acquired noncurrent assets are right-of-use assets of $38,221. Acquired current liabilities include operating lease obligations of $10,723 and noncurrent liabilities include operating lease liabilities of $28,911. Additionally, included in noncurrent liabilities was $48,066 of long-term debt which was immediately repaid by the Corporation.

The Corporation recognized a gain of $32,540 as a result of the remeasuring to fair value its 52.64% equity interest in JAG-ONE held before the business combination. The gain is included within other, net within nonoperating (expenses) revenue in the consolidated statement of operations for the year ended December 31, 2022.

(In thousands)

The following table summarizes the amounts attributable to Trinitas and JAG-ONE since their respective Acquisition Dates that are included in the accompanying consolidated financial statements:

		Trinitas January 1, 2022 – December 31, 2022	JAG-ONE July 1, 2022 – December 31, 2022	Combined 2022
Total operating revenue	$	312,384	58,297	370,681
Total operating expenses		342,264	56,715	398,979
(Loss) income from operations		(29,880)	1,582	(28,298)
Total nonoperating expenses, net		(10,475)	—	(10,475)
(Deficiency) excess of revenue over expenses		(40,355)	1,582	(38,773)
Other changes in net assets:				
Without donor restrictions		7,245	—	7,245
With donor restrictions		(1,706)	—	(1,706)
Change in net assets		5,539	—	5,539
(Decrease) increase in net assets	$	(34,816)	1,582	(33,234)

Other Acquisitions

In 2023, as a part of the Corporation's diversified growth strategy, the Corporation acquired four additional physical therapy companies, an ambulance services company and a radiology company for $53,767. As a result of these acquisitions, the Corporation recognized goodwill of $64,158 for the year ended December 31, 2023.

(2) Significant Accounting Policies

(a) Basis of Accounting of Financial Statement Presentation

The accompanying unaudited consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting. Eliminations and reporting adjustments have been made to present the information in accordance with GAAP. The data should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and related notes. Information as of and for the year ended December 31, 2023 are not based on audited information but, in the opinion of management, is presented on a basis consistent with the audited consolidated financial statements and includes adjustments necessary for a fair presentation therein. Adjustments to these financial statements may occur as a result of a more comprehensive review undertaken as part of the audit process for the year ended December 31, 2023.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

(c) Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This guidance is effective for fiscal years beginning after December 15, 2022. The adoption of this guidance did not materially impact the Corporation’s financial position or results of operation.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This standard eliminates Step 2 from the goodwill impairment test by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. This guidance is effective for fiscal years beginning after December 15, 2022. The adoption of this guidance did not materially impact the Corporation’s financial position or results of operation.

(d) Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and highly liquid debt instruments with original maturities of three months or less, excluding assets limited or restricted as to use.

Cash and cash equivalents are maintained with domestic financial institutions with deposits, which exceed federally insured limits. It is the Corporation’s policy to monitor the financial strength of these institutions.

(e) Patient Accounts Receivable

The Corporation has agreements with third-party payors that provide for payment at amounts different from its established charges. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Management regularly reviews accounts and contracts to record explicit price concessions that are netted against patient accounts receivable in the consolidated balance sheets. The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The concentration of patient accounts receivable as of December 31, 2023 and 2022 was as follows:

(In thousands)

	December 31,	
	2023	2022
Medicare	25 %	24 %
Medicaid	13	14
Blue Cross	19	20
Commercial and managed care	29	28
Self-pay patients and other	14	14
	100 %	100 %

(f) Revenue

(i) Patient Service Revenue

The Corporation's patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from a facility.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at year-end, which primarily relate to acute care patients (in-house). The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of year-end.

The majority of the Corporation's services are rendered to patients with third-party payor insurance coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims. Agreements with third-party payors typically provide for payments at amounts less than established charges. For further discussion on third-party reimbursement, refer to note 5. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Implicit price concessions are determined based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2023 or 2022. Subsequent changes that are determined to be the result of an adverse change in the patient’s ability to pay are recorded as bad debt expense. There was no bad debt expense for the years ended December 31, 2023 or 2022.

Consistent with the Corporation’s mission, care is provided to patients regardless of their ability to pay. The Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (e.g., co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients. Patients who meet the Corporation’s criteria for charity care are provided care without charge or at amounts less than established charges. The Corporation has determined that it has provided sufficient implicit price concessions for these accounts. Price concessions, including charity care, are not reported as revenue.

The Corporation has elected the financing component practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation’s expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payors pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

(In thousands)

The Corporation has determined that the nature, amount, timing, and uncertainty of patient service revenue and cash flows are affected by payors and service lines. The following tables reflect patient service revenue from third-party payors, government subsidies, and others (including uninsured patients) for the years ended December 31, 2023 and 2022:

	2023		
	Inpatient	**Outpatient**	**Total**
Medicare	$ 1,571,037	1,005,782	2,576,819
Medicaid	768,346	729,993	1,498,339
Blue Cross	787,613	949,078	1,736,691
Commercial and managed care	806,300	823,365	1,629,665
Self-pay patients and other	162,566	215,684	378,250
State of New Jersey subsidy revenue	121,895	—	121,895
Total patient service revenue	$ 4,217,757	3,723,902	7,941,659

	2022		
	Inpatient	**Outpatient**	**Total**
Medicare	$ 1,461,615	868,797	2,330,412
Medicaid	649,432	569,120	1,218,552
Blue Cross	745,621	897,358	1,642,979
Commercial and managed care	726,236	650,206	1,376,442
Self-pay patients and other	140,949	170,974	311,923
State of New Jersey subsidy revenue	113,601	—	113,601
Total patient service revenue	$ 3,837,454	3,156,455	6,993,909

(ii) *Other Revenue, Net*

Other revenue, net includes income from grants, equity in the income of healthcare joint ventures, gain on sale of a business, unrestricted contributions, net assets released from restriction for operations, cafeteria sales, and parking. Grant revenue and contributions of the Corporation are nonexchange transactions in which no commensurate value is exchanged. In such cases, contribution accounting is applied under ASC Topic 958-605, *Not-for-Profit Entities, Revenue Recognition*. See note 3 for grant funding received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Federal Emergency Management Agency (FEMA). Equity in the income of joint ventures is evaluated under ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

Additionally, pharmacy sales and other contracts related to healthcare services are included in other revenue and consist of contracts, which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied and collections are probable.

(g) Supplies

Supplies are carried at the lower of cost, determined principally on an average cost basis, or net realizable value. Supplies, totaling $122,743 and $116,483, are included in other current assets in the consolidated balance sheets at December 31, 2023 and 2022, respectively.

(h) Assets Limited or Restricted as to Use

Assets limited or restricted as to use include assets held by trustees under bond indenture agreements, assets restricted for self-insurance, assets held for supplemental retirement benefits, and assets restricted by donors for specific purposes or endowment. Amounts required to meet current liabilities of the Corporation are classified as current assets. Restricted cash of $80,674 and $255,363 as of December 31, 2023 and 2022, respectively, is included in assets limited or restricted as to use and assets limited or restricted as to use, noncurrent portion, in the consolidated balance sheets. The balance as of December 31, 2022 includes the construction fund from the issuance of the Series 2021A bonds (note 10).

(i) Investments and Investment Income

A significant portion of the Corporation’s investments are held in an investment portfolio maintained for the benefit of the Corporation and its affiliates. Debt securities are designated as trading. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, based on quoted market prices. Donated investments are recorded at their fair value, based on quoted market prices at the date of receipt.

Alternative investments (nontraditional, not readily marketable asset classes) within the investment portfolio are structured such that the Corporation holds interests in private investment funds, consisting of hedge funds, private equity funds, and real estate funds. These investments are reported at fair value as estimated and reported by general partners, based upon the underlying net asset value (NAV) of the fund or partnership as a practical expedient. Because of inherent uncertainty in these valuations, those estimated values may significantly differ from the values that would have been used had a ready market for the investments existed, and differences could be material.

Investment income not restricted by donors including realized and unrealized gains and losses on investments and changes in the fair value of alternative investments are included in nonoperating (expenses) revenue. Investment income and realized gains and losses on assets restricted by donors for specific purposes or endowment are included in net assets with donor restrictions.

(j) Property, Plant, and Equipment

Property, plant, and equipment expenditures are recorded at cost or, if donated or impaired, at fair value at the date of donation or impairment. Finance leases are recorded at the present value of the future minimum lease payments at the inception of the lease and are included in property, plant, and equipment.

Depreciation expense is computed on a straight-line basis using estimated useful lives of the assets, ranging from 2 to 40 years. Real estate and equipment held under finance leases and leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term. Such amortization is included in depreciation expense. Gifts of long-lived assets, such as land, buildings, or equipment, are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used, and are excluded from the excess of revenue over expenses in the consolidated statements of operations. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(k) Leases

The Corporation determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease obligations, current and long-term, in the consolidated balance sheets. ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term using the Corporation’s incremental borrowing rate. The ROU asset also includes any prepaid rent while excluding lease incentives and initial direct costs incurred.

Lease expense for operating minimum lease payments is recognized on a straight-line basis over the full lease term. Finance leases are included in property, plant, and equipment and long-term debt in the consolidated balance sheets. Finance lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term using the explicit interest rate, when available. If an explicit interest rate is not available, the Corporation applies its incremental borrowing rate. Finance lease assets are amortized on a straight-line basis over the full lease term and presented in depreciation and amortization in the consolidated statement of operations. Interest on lease payments is calculated using the effective interest method and presented in interest expense in the consolidated statement of operations.

(l) Investments in Unconsolidated Organizations

The Corporation maintains noncontrolling interests in various joint ventures that do not require consolidation. The majority of these investments are accounted for using the equity method of accounting, as the Corporation has significant influence, but does not have control, over the operating and financial policies of the investee. The Corporation classifies distributions from an investee on the cash flow statement by evaluating the facts, circumstances and nature of each distribution. Investments in unconsolidated organizations are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the investment might not be recoverable.

(m) Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated statements of operations.

Pledges receivable represent an unconditional promise to give cash and other assets to the Corporation's affiliates over a period not greater than 20 years. Such amounts are recorded at their present value at the date the promise is received, net of an allowance for uncollectible pledges. Such amounts are included as externally designated or restricted noncurrent assets limited as to use in the consolidated balance sheets.

(n) Net Assets including Noncontrolling Interest

Resources are classified for reporting purposes as net assets without donor restrictions and net assets with donor restrictions, according to the absence or existence of donor-imposed restrictions. Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor-restricted. Net assets with donor restrictions represent funds, including contributions and accumulated investment returns, whose use has been restricted by donors to a specific period or purpose or that have been restricted by donors to be maintained in perpetuity to provide a permanent source of income. Generally, the donors of these donor-restricted assets permit the use of part of the income earned on related investments for specific purposes.

The consolidated financial statements include all assets, liabilities, revenues, and expenses of less than 100% owned entities that the Corporation controls in accordance with the applicable accounting guidance. Accordingly, the Corporation has reflected a noncontrolling interest for the portion of the Corporation's revenue and expenses not controlled by the Corporation, separate in the consolidated balance sheets and consolidated statements of changes in net assets.

(In thousands)

Net assets without and with donor restrictions are available for the following purposes:

		December 31,	
		2023	**2022**
Without donor restrictions:			
Undesignated	$	5,069,808	4,609,662
With donor restrictions:			
Perpetual in nature		33,254	33,221
Purpose restricted		223,894	177,570
Time restricted		79,096	79,206
Net assets	$	5,406,052	4,899,659

(o) Work Stoppage Costs

During 2023, Robert Wood Johnson University Hospital (RWJUH) began negotiations with representatives from the United Steel Workers Local 4-200 (USW), which represents approximately 1,700 nurses. The USW nurses elected to strike on August 4, 2023 and RWJUH executed a strike contingency plan to ensure uninterrupted operations for the facility, including the recruitment of more than 1,000 replacement nurses. On December 15, 2023, the USW ratified a new, three-year collective bargaining contract and effective January 8, 2024, the nurses were reintegrated into the workforce. Incremental costs incurred, net, were $183,783 through December 31, 2023, which are reported in work stoppage costs in the statement of operations. The costs are comprised of agency costs of $250,468 and other costs of $27,490, offset by salary and benefit savings of $94,175.

Operating income (loss) before work stoppage costs includes the financial results of operating entities, but excludes work stoppage costs that are considered to be nonrecurring in nature.

(p) Performance Indicator

The consolidated statements of operations include a performance indicator, which is the excess (deficiency) of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficiency) of revenue over expenses, include certain changes in pension obligations, capital contributions, and other transactions.

The Corporation differentiates its ongoing operating activities by providing income from operations as a sub performance indicator. Investment income, net, contribution received in acquisition, and other, net which is inclusive of net periodic benefit costs other than service costs, interest rate swap mark-to-market adjustments, gains and losses on early extinguishment of debt, gain on equity investment, termination of definitive agreement fees and other transactions, which are not considered to be components of the Corporation’s ongoing activities, are excluded from (loss) income from operations and reported as nonoperating (expenses) revenue in the consolidated statements of operations. Investment income earned on assets limited as to use under bond indenture agreements is included in other revenue in the consolidated statements of operations.

(q) Income Taxes

The Corporation and its affiliates, excluding its for-profit subsidiaries and nominee owned captive professional medical services corporation, are not-for-profit corporations and are exempt from federal and state income taxes on related income under existing provisions of the Internal Revenue Code and State of New Jersey statutes.

The Corporation's for-profit subsidiaries have recorded various deferred income tax assets and liabilities that reflect temporary differences between the amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes. These amounts, where applicable, to the Corporation are included as other assets or other liabilities in the consolidated balance sheets as appropriate. In addition, the provision for income taxes recorded by the Corporation's for-profit subsidiaries, where applicable, have been made for in the consolidated results of operations of the Corporation and is included in other expenses in the consolidated statement of operations.

Certain for-profit subsidiaries have federal net operating loss (NOL) carryforwards of $23,376 that expire through 2037 and State of New Jersey NOL carryforwards of $81,789 that also expire through 2043. Certain for-profit subsidiaries have federal NOL carryforwards of $64,302 that expire indefinitely. At December 31, 2023 and 2022, all deferred tax assets related to these NOL carryforwards have been fully reserved due to the uncertainty of realizing the tax benefits associated with these amounts.

The Corporation and its affiliates recognize the financial statements effects of tax positions when they are more likely than not, based on technical merits, that the positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The Corporation does not have any significant uncertain tax positions as of December 31, 2023 and 2022.

(r) Self-Insurance

Under the Corporation's self-insurance programs, claims are recorded based upon actuarial estimation, including both reported and incurred but not reported claims, taking into consideration the severity of incidents and the expected timing of claim payments (note 13a, b, and c).

(s) Impairment of Long-Lived Assets

Management routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets, or a related group of assets, may not be recoverable from estimated undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds its estimated recoverability, an asset impairment charge is recognized for the difference between the fair value and carrying value of the asset.

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are changed, the carrying value of affected assets is allocated over the remaining useful lives. In estimating the future cash flows for determining whether an asset is impaired, the Corporation groups its assets at the lowest level for which there are identifiable cash flows independent of other groups of assets. No impairment charge was recorded during the year ended December 31, 2023 or 2022.

(In thousands)

(t) Goodwill and Intangible Assets

Goodwill and intangible assets are accounted for under ASC Topic 350, *Intangibles – Goodwill and Other*. Goodwill represents the excess of the aggregate purchase price over the fair value of net assets acquired in business combinations. Identifiable intangible assets are initially recorded at fair value at the time of acquisition using the income approach. Goodwill and intangible assets have indefinite useful lives and are not amortized, but are subjected to impairment tests. The Corporation performs impairment testing at least annually or more frequently if events or circumstances change creating a reasonable possibility that an impairment may exist.

The following is the carrying amount and changes in the carrying amount of goodwill and intangible assets for the years ending December 31, 2023 and 2022:

		Goodwill	Intangible assets	Total
December 31, 2021	$	6,987	45,000	51,987
Goodwill and intangible assets related to acquisitions		206,044	13,813	219,857
Impairment of intangible asset		—	(45,000)	(45,000)
December 31, 2022		213,031	13,813	226,844
Goodwill related to acquisitions		64,158	—	64,158
December 31, 2023	$	277,189	13,813	291,002

As of December 31, 2022, the Corporation impaired its intangible asset related to the Rutgers Health brand name.

(3) CARES Act and FEMA

The CARES Act provided financial relief under several programs including a funding advance of Medicare payments, deferral of the employer portion of payroll taxes and establishment of the Provider Relief Fund (PRF). Under the PRF, the Corporation recognized approximately $48,143 for the year ended December 31, 2022. As of December 31, 2022, all relief funds have been recognized as revenue and the total amount received from the period of 2020 through 2022 was approximately $684,000.

The Corporation is eligible under the CARES Act to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages during the early part of the COVID-19 pandemic. During the year ended December 31, 2023, the Corporation recognized approximately $17,000 in other revenue under the ERC program.

The Corporation continues to pursue opportunities for additional federal relief funding, including funding from FEMA. Included in other revenue in the consolidated statements of operations for the years ended December 31, 2023 and 2022 is $19,907 and $29,253, net, respectively, for incremental prior year COVID-19 related costs. The Corporation has a balance due from FEMA of $19,417 and $28,261 in other current assets in the consolidated balances sheets as of December 31, 2023 and 2022, respectively.

(4) Charity Care and Community Benefit

In accordance with the Corporation's mission and philosophy, the Corporation's hospitals and affiliates commit substantial resources to both the indigent population and the broader community. The Corporation's charity care policy is to provide care without regard to the patient's ability to pay for services rendered. To the extent that patients do not have the ability to pay, services rendered to those patients are reported as charity care.

The Corporation's hospitals utilize a cost to charge ratio methodology to convert charity care to cost. The cost to charge ratio is calculated utilizing the Corporation's cost accounting system or filed cost reports.

The amount of charity care at estimated cost, net of state subsidy funding, the Corporation provided to the indigent population and broader community for the years ended December 31, 2023 and 2022 was $161,283 and $144,792, respectively.

The State of New Jersey's regulations provide for the distribution of funds from a Charity Care Fund, which is intended to partially offset the cost of services provided to the uninsured. For the years ended December 31, 2023 and 2022, the Corporation's hospitals recorded distributions from the Charity Care Fund of $69,345 and $57,379, respectively, which are included in patient service revenue.

(5) Healthcare Reimbursement System

(a) The Corporation records patient service revenue at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. Patient service revenue consists of amounts charged for services rendered less estimated discounts for contractual and other allowances for patients covered by Medicare, Medicaid, and other health plans and discounts offered to patients under the Corporation's uninsured discount program.

The Medicare program currently pays for most services at predetermined rates; however, certain services and specified expenses continue to be reimbursed on a cost basis. The Medicaid program also currently reimburses the Corporation at predetermined rates for inpatient services and on a cost reimbursement methodology for outpatient services. Regulations require annual retroactive settlements for cost-based reimbursement and other payment arrangements through cost reports filed by the Corporation.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. These agreements have retrospective audit clauses, allowing the payor to review and adjust claims subsequent to initial payment.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount. In accounting for Medicare and Medicaid cost report settlements, the Corporation records all third-party receivables and liabilities at their estimated realizable values. Management periodically reviews recorded amounts receivable from, or payable to, third-party payors and adjusts these balances as new information becomes available. In addition, revenue received under certain third-party agreements is subject to audit.

During the years ended December 31, 2023 and 2022, certain of the Corporation's prior year third-party cost reports were audited and settled, or tentatively settled by third-party payors. Adjustments resulting from such audits, settlements, and management reviews are reflected as adjustments to patient service revenue in the period that the adjustments become known. Accordingly, the Corporation evaluated the results of these settlements on its open cost reports. The effect of cost report settlements and other adjustments increased patient service revenue by $34,529 and $22,728 for the years ended December 31, 2023 and 2022, respectively. Although certain other prior year cost reports submitted to third-party payors remain subject to audit and retroactive adjustment, management does not expect any material adverse settlements. Medicare cost reports for all years prior to 2019 have been audited and settled with the exception of four acute care hospitals whose 2019 cost reports remain open. Medicaid cost reports for all years prior to 2021 have been audited and settled for all acute care hospitals. For the pediatric rehabilitation hospital, Medicaid cost reports have been audited by the fiscal intermediary through 2021. Settlement has been finalized through 2021. The fiscal intermediary may reopen certain years related to specific settlement items in the cost report year.

The Corporation has a compliance program to monitor conformity with applicable laws and regulations, but the possibility of future government review and interpretation exists. The Corporation is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing.

(b) The Corporation and others in the healthcare industry are subject to certain inherent risks, including the following:

- Substantial dependence on revenue derived from reimbursement by the Federal Medicare and State Medicaid programs that have been reduced in recent years and which entail exposure to various healthcare fraud statutes;
- Government regulations, government budgetary constraints, and proposed legislative and regulatory changes.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation's consolidated financial statements, and it is reasonably possible that a change in such estimates may occur. Management of the Corporation believes that adequate provision has been made in the consolidated financial statements for the matters discussed above and their ultimate resolution will not have a material effect on the consolidated financial statements.

(In thousands)

(6) Investments and Assets Limited or Restricted as to Use

Investments and assets limited or restricted as to use consist of the following:

		December 31, 2023	December 31, 2022
Investments and assets limited or restricted as to use:			
Cash and cash equivalents and money market funds	$	406,732	659,272
Government obligations/municipal bonds		377,482	423,180
Corporate bonds		506,186	665,822
Mutual funds		1,361,564	1,291,452
Equity securities		575,884	518,104
Unit investment trusts		1,076	1,215
Asset-backed securities		207,652	255,350
Mortgage-backed securities		48,441	93,104
Alternative investments		924,886	943,695
Pledges receivable, net		192,118	134,668
Other investments		34,253	2,293
Accrued interest		11,837	10,447
Total investments and assets limited or restricted as to use	$	4,648,111	4,998,602

These amounts are reflected in the consolidated balance sheets as follows:

		December 31, 2023	December 31, 2022
Current portion:			
Investments	$	543,380	434,257
Assets limited or restricted as to use		97,016	98,259
Noncurrent assets limited or restricted as to use		460,335	567,624
Investments		3,547,380	3,898,462
	$	4,648,111	4,998,602

(In thousands)

Investments and assets limited or restricted as to use are classified as follows:

		December 31,	
		2023	**2022**
Investments	$	4,090,760	4,332,719
Self-insurance funds		25,488	25,968
Donor-restricted funds and pledges receivable, net		290,837	259,992
Funds held by bond trustees under bond indenture agreements		64,647	253,653
Internally designated funds for specific use		2,870	2,870
Other limited use funds		173,509	123,400
	$	4,648,111	4,998,602

Assets held under bond indenture agreements are maintained for the following purposes:

		December 31,	
		2023	**2022**
Capital project funds	$	—	188,118
Interest funds		64,602	65,535
Principal funds		45	—
	$	64,647	253,653

The Corporation’s investments are exposed to various kinds and levels of risk. Fixed income securities, including fixed income mutual funds, expose the Corporation to interest rate risk, credit risk, and liquidity risk. As interest rates change, the values of many fixed income securities are affected. Credit risk is the risk that the obligor of the security will not fulfill its obligation. Liquidity risk is a risk that a financial asset may not be readily sold.

Corporate bonds, equity mutual funds, equity securities, and commercial mortgage-backed securities expose the Corporation to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets, both foreign and domestic. Performance risk is the risk associated with a particular fund’s operating performance. Liquidity risk, as previously defined, tends to be higher for international funds and small capitalization equity funds.

The Corporation has incorporated an Investment Policy Statement (IPS) into its investment program. The IPS, which has been formally adopted by the Board of Trustees, contains standards designed to ensure adequate diversification by asset category and geography. The IPS also limits fixed income investments by credit rating, which serves to further mitigate the risk associated with the investment program. At December 31, 2023 and 2022, management believes that its investment positions are in accordance with guidelines established by the IPS.

(In thousands)

(7) Liquidity and Availability of Resources

Financial assets available within one year of the balance sheet date for general expenditures such as operating expenses and construction costs not financed with debt are as follows:

	December 31,	
	2023	2022
Cash and cash equivalents	$ 177,312	267,525
Short-term investments	543,380	434,257
Patient accounts receivable	883,795	780,089
Estimated amounts due from third party payors and other current assets	405,689	299,521
	$ 2,010,176	1,781,392

Current financial assets not available for general use because of contractual or donor-imposed restrictions were $97,016 and $98,259 at December 31, 2023 and 2022, respectively. Amounts not available for general use include amounts set aside for scheduled principal payments on debt, self-insurance funds, and perpetual, time, and purpose-restricted assets.

As of December 31, 2023, the Corporation has unrestricted cash and investments on hand to cover 187 days of operating expenses. The Corporation's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments. Besides short-term investments, the Corporation has $3,547,380 classified as long-term investments at December 31, 2023, of which most is available for general use. In the event of an unanticipated liquidity need, the Corporation could draw upon a $100,000 secured revolving promissory note (note 10).

(8) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include cash and cash equivalents and debt and equity securities that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate bonds.

(In thousands)

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Corporation currently holds no Level 3 investments.

The following tables present the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis, and exclude pledges receivable, net, other investments, and accrued interest receivable as of December 31, 2023 and 2022:

	December 31, 2023				
	Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:					
Cash and cash equivalents and money market funds	$ 406,732	406,732	—	—	—
Equity securities	575,884	575,884	—	—	—
Equity mutual funds	983,361	983,361	—	—	—
Fixed income mutual funds	378,202	378,202	—	—	—
Unit investment trusts	1,076	1,076	—	—	—
Commercial mortgage-backed securities	48,441	—	48,441	—	—
Corporate bonds	506,186	—	506,186	—	—
Asset-backed securities	207,652	—	207,652	—	—
Government bonds	179,346	—	179,346	—	—
Government mortgage-backed securities	184,884	—	184,884	—	—
Municipal bonds	13,253	—	13,253	—	—
Alternative investments	924,886	—	—	—	924,886
Total	$ 4,409,903	2,345,255	1,139,762	—	924,886

(In thousands)

	December 31, 2022				
	Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:					
Cash and cash equivalents and money market funds	$ 659,272	659,272	—	—	—
Equity securities	518,104	518,104	—	—	—
Equity mutual funds	926,074	903,081	22,993	—	—
Fixed income mutual funds	365,378	365,378	—	—	—
Certificates of deposit	—	—	—	—	—
Unit investment trusts	1,215	1,215	—	—	—
Commercial mortgage-backed securities	93,104	—	93,104	—	—
Corporate bonds	665,822	—	665,822	—	—
Asset-backed securities	255,350	—	255,350	—	—
Government bonds	207,059	—	207,059	—	—
Government mortgage-backed securities	186,872	—	186,872	—	—
Municipal bonds	29,249	—	29,249	—	—
Alternative investments	943,695	—	—	—	943,695
Total	$ 4,851,194	2,447,050	1,460,449	—	943,695

The following discussion describes the valuation methodologies used for financial assets measured at fair value for investment and pension plan assets. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. The disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed. Care should be exercised in deriving conclusions about the Corporation’s business, its value, or consolidated financial position based on the fair value information of financial assets presented.

Fair values for the Corporation’s fixed income securities are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Inputs include direct or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets and quoted prices for identical assets or liabilities in inactive markets; other inputs that may be considered in fair value determination include interest rates and yield curves, volatilities, and credit risk. Pricing evaluations generally reflect discounted expected future cash flows, which incorporate yield curves for instruments with similar characteristics, such as credit rating, duration, and yields. Each designates specific pricing services or indexes for each sector of the market based upon the provider's expertise. The Corporation's fixed income securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

(In thousands)

Fair values of equity securities have been determined by the Corporation from observable market quotations, when available.

Mutual funds and unit investment trusts are valued at the NAV of shares held at year-end, based on published market quotations on active markets.

Fair values of commercial mortgage-backed securities and asset-backed securities have been determined by the Corporation based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk, or quoted market prices and recent transactions, when available.

Fair values of U.S. government bonds/municipal bonds and corporate bonds have been determined by the Corporation from observable market quotations, when available. Because of the nature of these assets, carrying amounts approximate fair values, which have been determined from public quotations, when available.

Fair values of bank loans are determined by the Corporation using quoted prices of securities with similar coupon rates and maturity dates or discounted cash flows.

The following tables summarize redemption terms and the Corporation's commitments for the hedge funds and others as of December 31, 2023 and 2022:

	2023			
Description of investment	**Carrying value**	**Unfunded commitment**	**Redemption frequency**	**Redemption notice required**
Hedge funds	$ 224,526	—	Monthly – annually	45–90 days written notice
Private equity	188,839	84,372	—	—
Real estate	236,921	6,305	Quarterly	90 days written notice
Other	274,600	11,772	—	—
	$ 924,886	102,449		

(In thousands)

	2022			
Description of investment	**Carrying value**	**Unfunded commitment**	**Redemption frequency**	**Redemption notice required**
Hedge funds	$ 271,582	—	Monthly – annually	45–90 days written notice
Private equity	176,679	69,189	—	—
Real estate	249,709	9,553	Quarterly	90 days written notice
Other	245,725	14,729	—	—
	$ 943,695	93,471		

Investments in hedge funds, interests in investment funds with complex portfolio-construction and risk management techniques, are typically carried at estimated fair value based on the NAV of the shares in each investment company or partnership. Changes in unrealized gains or losses on investments, including those for which partial liquidations were effected in the course of the year, are calculated as the difference between the NAV of the investment at year-end less the NAV of the investment at the beginning of the year, as adjusted for contributions and redemptions made during the year. At December 31, 2023, the Corporation holds $56,863 of investments in hedge funds which are subject to semi-annual redemptions with a 20% withdrawal limitation on the invested balance. Generally, no dividends or other distributions are paid.

Investments in private equity funds, typically structured as limited partnership interests, are carried at fair value estimated using NAV or equivalent as determined by the general partner in the absence of readily ascertainable market values. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. Voluntary redemptions are generally not permitted by limited partners and investments in these partnership interests are through the life of the fund. The fair value of limited partnership interests is generally based on fair value capital balances reported by the underlying partnerships, subject to management review and adjustment.

Real estate funds invest primarily in institutional quality commercial and residential real estate assets within the U.S. and investments in publicly traded real estate investment trusts. Fair value is estimated based on the NAV of the shares in each partnership. The Partnership distributes current income to the partners on a quarterly basis based on each partners' interest. Partners can choose to participate in a reinvestment plan in which all distributions are automatically invested in additional units. Redemptions can generally be made quarterly with 90 days' prior written notice after an initial lock-up period expires.

Investments in other alternative investments consist of private debt funds structured as a limited partnership interest with ability to invest in short-term opportunities, and are carried at fair value estimated using NAV or equivalent as determined by the general partner in the absence of readily ascertainable market values. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. Voluntary redemptions are not permitted and investment is through the life of the fund. The Corporation also invests in certain venture capital funds. Investments in venture capital funds, typically structured as limited partnerships, consist of ownership stakes in small to medium sized start-up firms. These firms generally have high growth potential and are characterized by higher risk/reward profiles. Distributions under this investment structure are typically made to investors through the liquidation of the underlying assets. Voluntary redemptions are generally not permitted by limited partners and investments in these partnership interests are through the life of the fund.

(In thousands)

(9) Property, Plant, and Equipment

Property, plant, and equipment consist of the following as of December 31, 2023 and 2022:

		2023	2022
Land and improvements	$	180,427	179,701
Buildings and leasehold improvements		3,898,622	3,593,412
Fixed equipment		499,197	445,450
Major movable equipment		2,935,755	2,452,854
Real estate and equipment under finance leases		295,340	186,130
		7,809,341	6,857,547
Less accumulated depreciation and amortization (including accumulated amortization of real estate and equipment under finance leases of $42,842 and $31,744)		4,481,558	4,168,592
		3,327,783	2,688,955
Construction in progress		1,008,951	902,017
Property, plant, and equipment, net	$	4,336,734	3,590,972

The Corporation is constructing a new clinical and research building for the Rutgers Cancer Institute of New Jersey (CINJ). The new building is adjacent to, and integrated with, RWJUH New Brunswick. In June 2021, the Corporation broke ground on the free-standing cancer hospital. The estimated cost is expected to be approximately $906,000. From inception of the project through December 31, 2023, approximately $538,000 has been incurred related to this project.

As of December 31, 2023, the Corporation had committed approximately $588,000 to complete the construction of the CINJ project noted above and other renovation and expansion projects at various affiliates of the Corporation as well as amounts committed for the EPIC project (note 13e).

(In thousands)

(10) Long-Term Debt

Long-term debt consists of the following:

		December 31,	
		2023	**2022**
Master Trust indebtedness:			
New Jersey Health Care Facilities Financing Authority (NJHCFFA) Revenue and Refunding Bonds:			
RWJ Barnabas Health Obligated Group Issue, 2021A $313,775 serial bonds maturing through July 1, 2045 with interest rates ranging from 4.00% to 5.00%; $400,490 of term bonds maturing July 1, 2051 with interest rates ranging from 2.040% to 2.625%	$	714,265	740,095
RWJ Barnabas Health Obligated Group Issue, Series 2019A Serial Bonds maturing through July 1, 2029 with an interest rate of 5.00%		10,950	13,265
RWJ Barnabas Health Obligated Group Issue, Series 2019B-1 Five Year Put Bonds maturing on July 1, 2043 with an interest rate of 5.00%		69,725	69,725
RWJ Barnabas Health Obligated Group Issue, Series 2019B-2 Six Year Put Bonds maturing on July 1, 2042 with an interest rate of 5.00%		70,555	70,555
RWJ Barnabas Health Obligated Group Issue, Series 2019B-3 Seven Year Put Bonds maturing on July 1, 2045 with an interest rate of 5.00%		70,550	70,550
RWJ Barnabas Health Obligated Group Issue, Series 2017A (previously Children’s Specialized Hospital Issue, Series 2013A) maturing on July 1, 2036 with an interest rate of 3.03%		—	7,033
RWJ Barnabas Health Obligated Group Issue, Series 2016A $384,355 serial bonds maturing through July 1, 2036 with interest rates ranging from 3.50% to 5.00%; $279,570 of term bonds maturing on July 1, 2043 with interest rates ranging from 4.00% to 5.00%		663,925	670,615
Barnabas Health Issue, Series 2014A term bonds $100,000 maturing on July 1, 2044 with an interest rate of 5.00%; $29,925 maturing on July 1, 2044 with an interest rate of 4.25%		129,925	129,925

(In thousands)

		December 31,	
		2023	2022
Robert Wood Johnson University Hospital Issue, Series 2014A $11,075 serial bonds maturing through 2034 with an interest rate of 5.00%; $44,850 term bonds maturing from 2039 to 2043 with an interest rate of 5.00%	$	55,925	55,925
Robert Wood Johnson University Hospital Issue, Series 2013A term bonds maturing from 2024 to 2043 with interest rates ranging from 5.25% to 5.50%		93,285	95,765
Barnabas Health Issue, Series 2012A serial bonds maturing through 2022 with an interest rate of 5.00%			—
RWJ Barnabas Health, Series 2019 serial bonds maturity through July 1, 2049 with an interest rate of 3.48%		302,333	302,333
RWJ Barnabas Health Private Placement Taxable Notes, Series 2018 maturing through July 1, 2044 with interest rates ranging from 4.04% to 4.40%		300,000	300,000
RWJ Barnabas Health Taxable Revenue Bonds, Series 2016 $100,000 maturing July 1, 2026 with an interest rate of 2.954%; $394,952 maturing July 1, 2046 with an interest rate of 3.949%		494,952	494,952
Barnabas Health System Taxable Revenue Bonds, Series 2012 term bonds maturing on July 1, 2028 with an interest rate of 4.00%		81,240	81,240
Total Master Trust Indebtedness		3,057,630	3,101,978
Notes payable		1,567	34
Finance leases with various interest rates		263,376	155,763
Total long-term debt		3,322,573	3,257,775
Plus unamortized bond premium		192,358	205,371
Less:			
Unamortized bond discount		729	945
Deferred financing costs, net		17,123	18,334
Current portion		51,314	42,948
Long-term portion	$	3,445,765	3,400,919

Under the terms of the Master Trust Indenture (MTI), Children's Specialized Hospital (CSH), Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center, Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., RWJBH Corporate Services (fka Barnabas Health, Inc.), RWJUH, Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center (CBMC), are members of an Obligated Group. Substantially all of the Corporation's debt is subject to the provisions of the MTI.

To secure its payment obligations, the Obligated Group has granted to the Trustee a first lien and security interest in the gross revenue of each member of the Obligated Group.

Obligated Group members are jointly and severally liable under the MTI. The Corporation does have the right to name designated affiliates. Though designated affiliates are not obligated to make debt service payments on the obligations under the MTI, the Corporation may cause each designated affiliate to transfer such amounts as necessary to enable the Obligated Group members to comply with the terms of the MTI, including payment of the outstanding obligations.

The Corporation's Obligated Group is required to maintain certain financial covenants in connection with the NJHCFFA and credit arrangements with a consortium of banks, including JPMorgan Chase Bank, N.A. (JPMorgan) and U.S. Bank.

On January 27, 2022, in connection with the Definitive Agreement, the Corporation legally defeased all of the outstanding NJHCFFA Refunding and Revenue Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2016A and all of the outstanding NJHCFFA Refunding Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2017A. The total payment for the defeased bonds was $72,252. The transaction resulted in a loss on extinguishment of debt of $2,551 which is recorded in other, net within nonoperating (expenses) revenue.

On August 1, 2023, the Corporation paid the outstanding balance of $6,790 of RWJ Barnabas Health Obligated Issue, Series 2017A bonds (previously Children's Specialized Hospital Issue, Series 2013A).

The Corporation has entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. The total notional amount of all swap agreements is $281,960. Under the terms of these agreements, the Corporation is paying fixed interest rates ranging from 0.90275% to 1.3625% in exchange for variable rate payments equal to 70% of the effective Federal funds rate. The notional amounts on these swap agreements are tied to the outstanding principal on the underlying bond series. The Corporation has the option to terminate the interest rate swap agreements on or before July 1, 2034. As of December 31, 2023 and 2022, the fair value of the interest rate swap agreements, net of a credit value adjustment of $2,433 and $4,231, was $39,228 and $36,540, respectively, and is included in other assets, net.

On March 31, 2023, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of $50,000 with JPMorgan for routine working capital needs. The terms of the Note include a commitment fee of 0.12%. The interest rate is based on Secured Overnight Financing Rate (SOFR) and an adjusted term SOFR fixed rate of 0.10% for the interest period plus 0.55% per annum. As of December 31, 2023, $5,025 of the Note was used in the form of standby letters of credit (LOC) that provides liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn from the Note during the term. The Note expired on April 1, 2024 and was replaced with a $100,000 secured revolving promissory note (New Note) with JPMorgan expiring on March 28, 2025. All other terms of the New Note have not changed from the prior Note.

(In thousands)

Scheduled maturities on long-term debt and future minimum payments on finance lease obligations at December 31, 2023 are as follows:

		Long-term debt	Finance leases	Total
2024	$	45,767	16,163	61,930
2025		46,123	16,267	62,390
2026		132,667	16,463	149,130
2027		52,905	15,523	68,428
2028		59,105	14,784	73,889
Thereafter		2,722,630	381,572	3,104,202
Total		3,059,197	460,772	3,519,969
Plus unamortized bond premium		192,358	—	192,358
Less:				
Amount representing interest on finance lease obligations		—	197,396	197,396
Unamortized bond discount		729	—	729
Deferred financing costs, net		17,123	—	17,123
Current portion		45,767	5,547	51,314
Long-term portion	$	3,187,936	257,829	3,445,765

(11) Employee Benefit Plans

The Corporation maintains a single noncontributory defined-benefit plan, the RWJ Barnabas Health Retirement Income Plan (the RWJBH Plan). Participation in the RWJBH Plan is closed to new entrants and is currently frozen to future benefit accruals. Benefits under the RWJBH Plan are substantially based on years of service and employee's career earnings. The Corporation will contribute to the RWJBH Plan based on actuarially determined amounts necessary to provide assets sufficient to meet anticipated benefit payments to plan participants and to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006, and Internal Revenue Service regulations.

In March 2022, the Administrative Committee of the Board of Trustees approved a plan to offer a single payment (lump sum), in lieu of the annuity benefit, to former vested employees in the RWJBH Plan with accrued benefits. ASC 715, *Compensation – Retirement Benefits*, requires settlement accounting when lump sum payments exceed the sum of service cost and interest cost for the plan year. When applying settlement accounting, the plan must recognize a portion of the unrecognized gains or losses as a one-time charge. The portion of the unrecognized gain or loss that is recognized immediately is equal to the percentage of the obligation that is settled. Since the RWJBH Plan's lump sum payments of $49,211 exceeded the 2022 service and interest cost of $31,990, settlement accounting was required for the 2022 plan year. As a result, there was a one-time charge to non-operating expenses of $15,654 in 2022.

(In thousands)

GAAP requires recognition on the balance sheet of the funded status of defined-benefit pension plans and the recognition in net assets without donor restrictions of unrecognized actuarial gains and losses and prior service costs and credits. The funded status is measured as the difference between the fair value of the RWJBH Plan's assets and the projected benefit obligation of the RWJBH Plan.

Included in net assets without donor restrictions at December 31, 2023 and 2022 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of approximately $2,193 and $2,312, respectively, and unrecognized actuarial losses of approximately $261,897 and $261,491, respectively. Unrecognized prior service cost is the impact of changes in plan benefits applied retrospectively to employee service previously rendered. Unrecognized actuarial losses represent unexpected changes in the projected benefit obligation and plan assets over time, primarily due to changes in assumed discount rates and investment experience. Using the measurement date of December 31, the following table sets forth the funded status of the RWJBH Plan and the amounts recognized in the Corporation's consolidated financial statements:

		December 31,	
		2023	**2022**
Changes in benefit obligation:			
Benefit obligation at beginning of period	$	823,281	1,072,292
Interest cost		45,822	31,990
Actuarial losses (gains)		26,731	(186,554)
Benefits paid and expenses		(66,088)	(45,236)
Settlements		—	(49,211)
Benefit obligation at end of year		829,746	823,281
Change in plan assets:			
Fair value of plan assets at beginning of period		769,955	1,043,274
Actual return on plan assets		60,492	(178,872)
Employer contributions		10,000	—
Benefits paid and expenses		(66,088)	(45,236)
Settlements		—	(49,211)
Fair value of plan assets at end of year		774,359	769,955
Funded status – accrued pension liability	$	(55,387)	(53,326)

(In thousands)

The actuarial loss in 2023 resulted in an overall increase in the December 31, 2023 projected benefit obligation of $26,731, which was primarily attributable to a decrease in the discount rate assumption from 2022 to 2023. The actual return on the fair value of the plan assets since the prior measurement date was greater than the expected return on assets which partially offset the impact of the change in the discount rate.

The actuarial gain in 2022 resulted in an overall decrease in the December 31, 2022 projected benefit obligation of approximately $186,554, which was primarily attributable to an increase in the discount rate assumption from 2021 to 2022.

The actuarially computed net periodic pension cost for the years ended December 31, 2023 and 2022 included the following components, which are included in other nonoperating revenue, net:

		2023	2022
Interest costs	$	45,822	31,990
Expected return on plan assets		(42,464)	(35,460)
Amortization of actuarial loss and prior service credit		8,753	7,091
Settlement loss		—	15,654
Net periodic pension cost	$	12,111	19,275

The projected unit credit method is the actuarial cost method used to compute pension expense.

The weighted average assumptions used in determining the net periodic pension cost was discount rates of 5.82% and 3.09%, an expected long-term rate of return on plan assets of 5.82% and 3.55% and the weighted average interest crediting rate for cash balance plans was 4.76% and 2.25% for the years ended December 31, 2023 and 2022, respectively.

The weighted average assumption used in the accounting for the projected benefit obligation was a discount rate of 5.52% and 5.82% and the weighted average interest crediting rate for cash balance plans was 5.16% and 4.79% as of December 31, 2023 and 2022, respectively.

Expected benefit payments by year, as of December 31, 2023, are as follows:

2024	$	72,472
2025		74,249
2026		76,573
2027		74,821
2028		76,179
2029–2033		317,495

(In thousands)

The consolidated assets of the RWJBH Plan are managed under a liability-driven investment (LDI) strategy. Under the LDI strategy, the expected rate of return on plan assets at December 31, 2023 is based upon the assumption that plan assets will be invested primarily in fixed income and other related securities based upon their ability to perform similarly to the characteristics of the plan liabilities over time.

The following tables present the Corporation's fair value hierarchy for those pension plan assets measured at fair value as of December 31, 2023 and 2022. At December 31, 2023 or 2022, the Corporation held no Level 3 assets.

	December 31, 2023				
	Fair value	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents	$ 13,297	13,297	—	—	—
Corporate bonds	383,486	—	383,486	—	—
Government bonds	137,616	—	137,616	—	—
Bond funds	65,777	—	65,777	—	—
Bank loans	3,393	—	3,393	—	—
Other investments	16,250	—	16,250	—	—
Alternative investments	154,540	—	—	—	154,540
	$ 774,359	13,297	606,522	—	154,540

	December 31, 2022				
	Fair value	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents	$ 19,184	19,184	—	—	—
Corporate bonds	361,343	—	361,343	—	—
Government bonds	131,828	—	131,828	—	—
Bond funds	87,133	—	87,133	—	—
Bank loans	6,568	—	6,568	—	—
Other investments	13,535	—	13,535	—	—
Alternative investments	150,364	—	—	—	150,364
	$ 769,955	19,184	600,407	—	150,364

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(In thousands)

Alternative investments include private equity investments, hedge funds, and other.

	2023			
Description of investment	**Carrying value**	**Unfunded commitment**	**Redemption frequency**	**Redemption notice required**
Hedge fund	$ —	—	Semi-annually	90 days
Private equity	71,356	93,850	—	—
Other	83,183	—	—	—
	$ 154,539	93,850		

	2022			
Description of investment	**Carrying value**	**Unfunded commitment**	**Redemption frequency**	**Redemption notice required**
Hedge fund	$ 10,172	—	Semi-annually	90 days
Private equity	66,503	82,989	—	—
Other	73,689	—	—	—
	$ 150,364	82,989		

The Corporation maintains multiple defined-contribution retirement plans for its employees. Benefit expense for these plans for the years ended December 31, 2023 and 2022 was $96,947 and $90,459, respectively. The Corporation also has several supplemental executive retirement plans for certain key individuals. The plans were funded during 2023 and 2022 based upon the benefit formula as outlined in the plan documents.

(In thousands)

(12) Leases

The following table presents the components of the ROU assets, liabilities, and expenses related to leases and their classification in the consolidated balance sheets and statements of operations as of and for the years ended December 31, 2023 and 2022:

Components of lease balances	Classification in consolidated balance sheets		2023	2022
Assets:				
Operating lease assets	ROU asset	$	315,922	262,886
Finance lease assets	Property, plant, and equipment, net		252,498	154,386
Total leased assets		$	568,420	417,272
Liabilities:				
Operating lease liabilities:				
Current	Lease obligations	$	52,731	47,693
Long term	Lease obligations, net of current portion		289,678	236,923
Total operating lease liabilities			342,409	284,616
Finance lease liabilities:				
Current	Long-term debt		5,547	5,203
Long term	Long-term debt, net of current portion		257,829	150,560
Total finance lease liabilities			263,376	155,763
Total lease liabilities		$	605,785	440,379

Components of lease expense	Classification in consolidated statements of operations		2023	2022
Operating lease expense	Other operating expenses	$	65,300	56,576
Finance lease expense:				
Amortization of leased assets	Depreciation and amortization		11,098	8,118
Interest on lease liabilities	Interest		9,708	4,614
Total finance lease expense			20,806	12,732
Variable and short-term lease expense	Other operating expenses		24,146	20,994
Total lease expense		$	110,252	90,302

The Corporation determines if an arrangement is a lease at the inception of the contract. The ROU assets represent the Corporation's right to use the underlying assets for the lease term and the lease liabilities represent the Corporation's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. An estimated incremental borrowing rate, which is derived from information available at the lease commencement date, is used to determine the present value of lease payments. The incremental borrowing rates for the portfolio of leases are based upon indicative borrowing rates for taxable debt with terms that correspond to the various lease terms.

The Corporation's operating leases are primarily for real estate, including medical office buildings, and corporate and other administrative offices, as well as medical and office equipment. Finance leases are primarily for real estate and medical equipment. Real estate lease agreements typically have initial terms of 5 to 10 years, and equipment lease agreements typically have initial terms between 2 and 5 years. The Corporation has certain long-term land leases whose original terms range from 50 to 98 years. Leases with an initial term of 12 months or less (short-term leases) are not recorded in the consolidated balance sheets.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term from 1 to 20 years. The Corporation has the option to renew its land leases that can extend the lease term significantly. The exercise of lease renewal options is at the Corporation's sole discretion. Renewal options are assessed at the commencement date, modification date, and when a reassessment event has occurred. The renewal option is included in the lease term when it is reasonably certain to be exercised. Certain leases also include options to purchase the leased property. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses. These variable lease payments are recognized in other operating expenses, net, but are not included in the ROU asset or liability balances. Real estate leases generally include rental escalation clauses that are factored into the determination of lease expense when appropriate. Escalations based on an index, such as the Consumer Price Index, are estimated at the commencement date and differences to the initial estimate are treated as variable lease payments. The lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

The Corporation has elected the practical expedient that allows lessees to choose to not separate lease and nonlease components by class of underlying asset and is applying this expedient to all real estate asset classes. The Corporation elected the practical expedient package to not reassess at adoption (i) whether expired or existing contracts contain leases under the new definition of a lease, (ii) lease classification for expired or existing leases, or (iii) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842.

Sublease income is included in other revenue in the consolidated statements of operations and amounted to $3,919 and $4,074 for the years ended December 31, 2023 and 2022, respectively.

(In thousands)

The weighted average lease terms and discount rates for operating and finance leases at December 31, 2023 and 2022 are presented in the following table:

	2023	2022
Weighted average remaining lease term:		
Operating leases	10.4 years	10.3 years
Finance leases	25.5 years	24.8 years
Weighted average discount rate:		
Operating leases	4.07 %	3.80 %
Finance leases	4.21	3.40

Cash flow and other information related to leases is included in the following table for the years ended December 31, 2023 and 2022:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 62,238	53,888
Operating cash outflows from finance leases	9,708	4,614
Financing cash outflows from finance leases	5,362	5,647
ROU assets obtained in exchange for lease obligations:		
Operating leases	$ 84,780	7,324
Finance leases	112,710	129,243

(In thousands)

Future maturities of lease liabilities at December 31, 2023 are presented in the following table:

		Operating leases	Finance leases	Total
2024	$	61,301	16,163	77,464
2025		53,649	16,267	69,916
2026		48,403	16,463	64,866
2027		43,669	15,523	59,192
2028		36,769	14,784	51,553
Thereafter		195,210	381,572	576,782
Total lease payments		439,001	460,772	899,773
Less imputed interest		96,592	197,396	293,988
Total lease obligations		342,409	263,376	605,785
Less current obligations		52,731	5,547	58,278
Long-term lease obligations	$	289,678	257,829	547,507

(13) Commitments and Contingencies

(a) Professional and General Liabilities

Commercial Professional Insurance Co. Ltd. (CPIC), is an off-shore captive insurance company located in Bermuda, which writes professional liability, comprehensive general liability, and other casualty lines of business for the Corporation and its affiliates. CPIC is a wholly owned affiliate of CBMC and is consolidated in the accompanying consolidated financial statements. Investments and other assets maintained by CPIC are reported in assets limited as to use under externally designated or restricted assets in the consolidated balance sheets. The Corporation has estimated a range of losses for its potential liability for professional liability, comprehensive general liability, and other casualty lines of business related to CPIC based upon its own past experience and industry experience data. These estimates include ultimate costs for unreported incidents and losses not covered by current insurance limits on a present value basis.

For policy years beginning July 1, 2004, CPIC provides payment of claims on a reimbursement basis for the Corporation's self-insurance program. For professional liability, the most recent limits are $1 million for each medical incident with a $3 million aggregate for CSH claims, $10 million for each medical incident with no aggregate for all other facilities, and a buffer layer of $5 million for each medical incident with an annual aggregate limit of $5 million. For general liability, the limit is $1 million for each and every general liability occurrence with no aggregate. Prior to July 1, 2018, the Corporation purchased excess coverage of $150 million from various carriers for amounts in excess of CPIC's retained limits. Beginning July 1, 2018, the excess coverage is funded through CPIC. CPIC purchases reinsurance through various carriers.

At December 31, 2023 and 2022, total liabilities, which include tail coverage, were $416,578 and $378,320, respectively. The liabilities have been discounted at 2.5% and are included in self-insurance liabilities in the accompanying consolidated balance sheets. The undiscounted liability was $437,132 and $400,304 as of December 31, 2023 and 2022, respectively. The liabilities also include $49,416 and $42,697 of claims at December 31, 2023 and 2022, respectively, which are expected to be reimbursed by CPIC. Such amounts are included in other assets, net, in the accompanying consolidated balance sheets.

(b) Workers' Compensation

The Corporation is self-insured for the majority of workers' compensation benefits and has a commercial insurance policy excess of $1,000 each and every claim. At December 31, 2023 and 2022, the accrual for estimated workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported and totaled $69,606 and $65,315, respectively. The liabilities also include $15,279 and $11,034 of claims as of December 31, 2023 and 2022, respectively, which are expected to be reimbursed by the excess carrier. Such amounts are included in other assets, net. The Corporation's obligation to pay workers' compensation benefits from the runoff of a legacy workers' compensation program, which ended in 2013, is supported by an unsecured letter of credit in the amount of $4,850 (note 10).

(c) Employee Health Insurance

The Corporation maintains self-insured employee health benefit programs to provide coverage for its employees. At December 31, 2023 and 2022, the accrual for estimated employee health insurance claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported of approximately $31,691 and $38,840, respectively, and is included in self-insurance liabilities in the consolidated balance sheets.

(d) Litigation

Various investigations, lawsuits, and claims arising in the normal course of operations are pending or on appeal against the Corporation. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities that may arise from such actions would not materially affect the consolidated financial position or results of operations of the Corporation.

(e) EHR Platform

The Corporation entered into an agreement with EPIC to deploy an integrated Electronic Health Record (EHR) with supporting revenue cycle, data analytics, and consumer-facing digital capabilities. When completed, this integration will, among other things, establish one EHR across all ambulatory sites to support the ability to manage physicians as one integrated practice and support the consolidation of the various revenue cycle systems to an integrated solution.

The implementation will be done in phases. The first go-live was completed in May 2021. The anticipated completion date of the entire project is September 2024. Through December 31, 2023, the Corporation has incurred approximately $709,000 in capital and operating costs and anticipates spending an additional $91,000 to complete the project.

(In thousands)

(f) Other

Approximately 22% and 23% of the Corporation's employees were covered by collective bargaining agreements for the years ended December 31, 2023 and 2022, respectively, of which 5.6% expire in the next year.

(14) Functional Expenses

The Corporation provides general healthcare services primarily to residents within its geographic area and supports research and educational programs. Expenses are allocated based on estimated time and effort contingent upon the location and/or specialty the expense was incurred. Expenses related to providing these services and supporting functions are as follows for the years ended December 31, 2023 and 2022:

	2023		
	Healthcare services	General and administrative	Total
Salaries and wages	$ 2,674,504	764,312	3,438,816
Physician fees and salaries	984,404	109,378	1,093,782
Employee benefits	520,316	146,756	667,072
Supplies	1,407,643	10,439	1,418,082
Other	1,412,407	216,577	1,628,984
Interest	98,203	4,124	102,327
Depreciation and amortization	286,351	37,983	324,334
Total	$ 7,383,828	1,289,569	8,673,397

	2022		
	Healthcare services	General and administrative	Total
Salaries and wages	$ 2,532,797	498,283	3,031,080
Physician fees and salaries	855,555	95,062	950,617
Employee benefits	502,334	95,683	598,017
Supplies	1,302,740	18,921	1,321,661
Other	1,016,746	480,738	1,497,484
Interest	93,297	13,189	106,486
Depreciation and amortization	259,143	44,082	303,225
Total	$ 6,562,612	1,245,958	7,808,570

(15) Investments in Joint Ventures

Corporation has invested in a number of joint ventures to provide specialty healthcare services. These services include surgical, diagnostic imaging, home care and hospice, rehabilitation, medical transportation, and fitness and wellness programs. The investments range from 25% to 51% ownership. The Corporation does not exercise operating control over these investments; accordingly, they are recorded under the equity method of accounting and report only the Corporation's share of net income attributable to the investee as equity in earnings in other revenue in the accompanying consolidated statements of operations. Financial information for the equity method investees for the years ended December 31, 2023 and 2022 includes net operating revenue of $1,376,806 and $1,034,026, net income of $318,176 and $252,666, and net income attributable to the Corporation of $115,415 and $92,991, respectively. For the year ended December 31, 2023 and 2022, the Corporation invested capital of $178,320 and $72,974 in joint ventures.

As disclosed in note 1, effective July 1, 2022, the Corporation purchased an additional of 33.55% equity interest in JAG-ONE for $73,688 and obtained operational control over the entity. As a result of the change in control, the equity investment of $54,431 was reversed resulting in a gain of $32,540 which is included in other, net within nonoperating (expenses) revenue. As of December 31, 2023, the Corporation had an 80.33% interest in JAG-ONE. The decrease in ownership resulted from a contribution from a shareholder of $8,100.

During 2023, the Corporation purchased the remaining ownership share of two equity method joint ventures. As a result of the change in control, equity investments of $11,706 were reversed resulting in a gain of $8,498 which is included in other, net within nonoperating (expenses) revenue.

Total investments in joint ventures amounted to $746,524 and $552,799 at December 31, 2023 and 2022, respectively. These amounts are included in other assets, net in the consolidated balance sheets.

(16) Affiliation with Rutgers, The State University of New Jersey

The Corporation, Rutgers, the State University of New Jersey (Rutgers), and Rutgers Health Group (RHG) entered into a Master Affiliation Agreement (MAA) in 2018 with the goal of integrating medical education, advanced research and healthcare delivery.

The MAA requires reciprocal commitments and the alignment of each party's respective strategic, operational, and financial interests, and activities as part of a coordinated and mutually supportive academic health system. The Corporation and Rutgers have executed on strategies contemplated in the MAA including integrating the clinical operations of the Faculty of Robert Wood Johnson Medical School (RWJMS) and the Rutgers CINJ through Integrated Practice Agreements (IPA). Under the terms of these agreements, Rutgers will continue to employ providers and certain support staff, but the Corporation is responsible for the operations of the clinical practices and related financial results. This included establishing a unified medical records system across the Corporation's entire medical group (including RWJMS and CINJ) and creating a unified and integrated patient experience.

As of December 31, 2023 and 2022, the Corporation owed Rutgers $211,275 and $211,935, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other liabilities in the consolidated balance sheets.

(17) Affiliations

The Corporation and Saint Peter's Healthcare System (SPHCS) had entered into a Definitive Agreement on September 10, 2020 to integrate the two healthcare systems. On June 14, 2022, the Corporation mutually agreed with the leadership of SPHCS to end the proposed transaction. In accordance with the Definitive Agreement, the Corporation incurred a $30,000 break-up fee in connection with the termination of this transaction. The amount is recorded as nonoperating (expenses) revenue in the consolidated statement of operations.

(18) Subsequent Events

On February 12, 2024, the Corporation entered into a Memorandum of Understanding with the NJHCFFA as a preliminary step towards a potential bond financing with a contemplated issuance date of second quarter 2024. On March 28, 2024, the NJHCFFA approved a contingent bond sale with principal amount not to exceed $760,000 with an interest rate not to exceed 6%. The Corporation anticipates that the proceeds of the potential issue will be used for capital projects of the Corporation. No assurance is given that such a bond issue will occur. The Corporation is currently evaluating the appropriate size of the potential transaction.

Management evaluated all events occurring subsequent to December 31, 2023 and through April 16, 2024, the date the consolidated financial statements were available to be issued. The Corporation did not have any material recognizable subsequent events during the period, except as previously disclosed.